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MONDAY SPORTS

BECKER BEATS LENDL

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Germans Will Stay In NATO

Bush and Kohl Agree to Allow Soviets in East

By Fred Farris
International Herald Tribune

WASHINGTON — President George Bush and Chancellor Helmut Kohl said Sunday that a unified Germany would continue as a full member of NATO and that the Soviet Union could continue to maintain troops in the east.

Mr. Bush said he and the West German chancellor agreed that after unification, the territory that is now East Germany should have a special "military status" to protect the interests of the Soviet Union.

Mr. Bush said the area now under East German rule "should have a special military status that would take into account the legitimate security interests of all interested countries, including those of the Soviet Union."

Mr. Kohl said half of the 380,000 Soviet troops now deployed in East Germany would remain in the country under the Warsaw Pact until negotiations resolved their future.

He also said U.S. troops would remain in West Germany as long as desired by the German people to help guarantee peace and stability.

On the Polish issue, Mr. Kohl stated that reunification would not affect the border with Poland.

"I've again and again declared, during the past months, and I do want to repeat: nobody wants to link the question of national unity with changes in existing borders," he said, "and nobody is permitted to doubt my attitude there."

But the chancellor said the new East German parliament would have to decide the question.

In a news conference after two days of talks at the presidential retreat at Camp David, Maryland, Mr. Kohl was asked whether Soviet troops in East Germany might stay on in a new Germany.

"A unified Germany cannot belong to two different security systems," he said. He was asked if Germany might develop its independent nuclear weapons system, and replied, "We are not at all longing to be an atomic power."

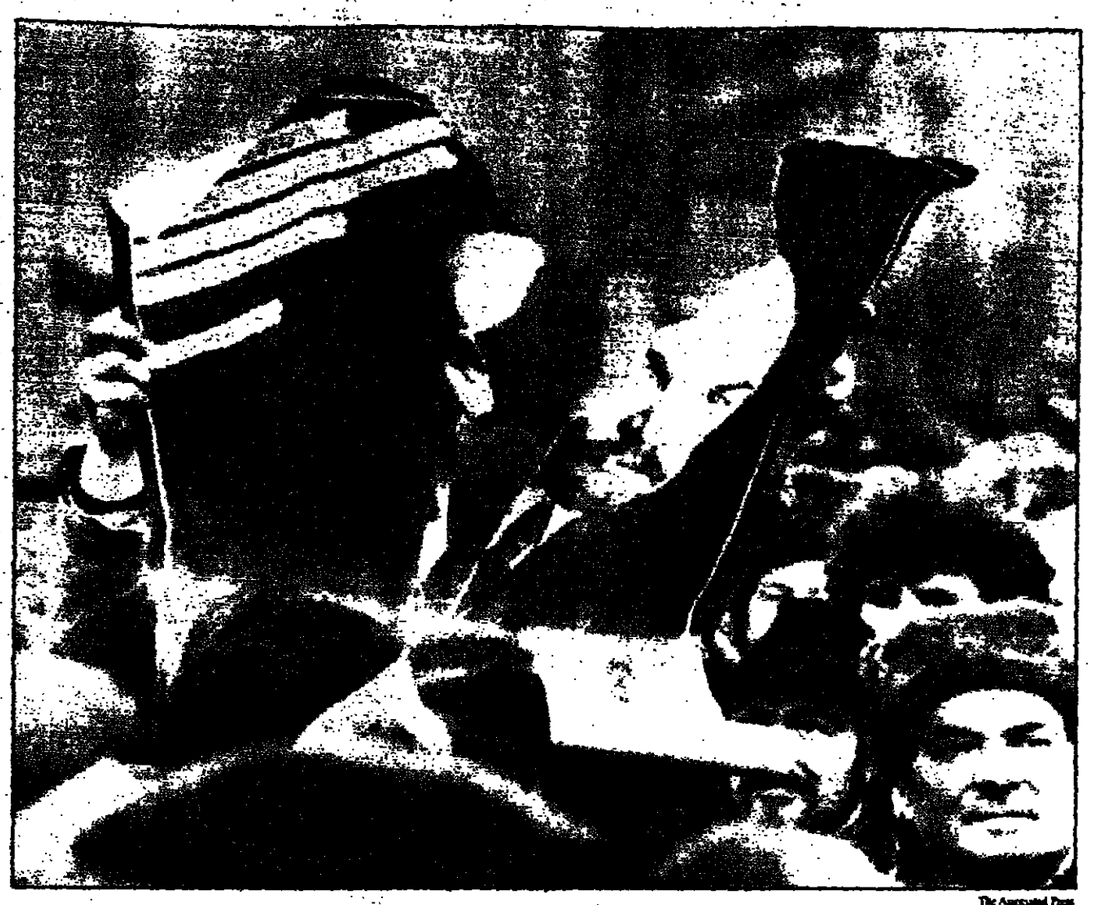
Although many commentators in Europe have supported the concept of a neutral Germany, Mr. Kohl said that "neutralism would be a very false solution for us," and he added that he did not expect that the German people would support a move away from NATO.

In his opening remarks, Mr. Bush summarized the talks:

"We both welcome the prospect of further movement toward German unification beginning with the steps toward economic and monetary union" that may follow the March 18 elections in East Germany.

"We share a common belief that a unified Germany should remain a full member of the North Atlantic Treaty Organization, including

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The Associated Press

A participant in the Moscow demonstration Sunday manifesting his discontent with the Soviet system by ripping apart a poster of Lenin.

Defiant Throngs Rally in 20 Soviet Cities

By Bill Keller
New York Times Service

MOSCOW — Protesters across the Soviet Union thronged to the streets Sunday in a defiant call for a share of power, with citizens in at least 20 cities from the Baltic Sea to the Sea of Japan braving a concerted official scare campaign to register their impatience and anger with President Mikhail S. Gorbachev's pace of change.

The peaceful demonstrations, the first nationwide show of strength by the country's pro-democracy opposition, were staged to promote insurgent candidates in next Sunday's elections for control of three of the largest Soviet republics — Russia, the Ukraine and Byelorussia — and to demand an East European-style roundtable with the Kremlin on a transfer of power from the Communists.

The protests across the Soviet heartland may prove to be an even more important humiliation to the Communist Party than the loss of Lithuania, since authorities used everything from warnings of bloodshed to an appeal by the Russian Orthodox Church to keep people at home.

The scare tactics surely reduced the turnout, but at least in Moscow they left many residents wondering: What is this opposition that has Mr. Gorbachev so frightened?

"Authorities — you don't frighten us, you're just frightening yourselves," was the message one elderly protester scrawled on cardboard and wore around her neck, as she moved through a crowd that was predominantly mainstream and middle-aged.

About 50,000 people, judging from overhead photographs, jammed into a stretch of Moscow's broad Garden Ring road, although police claimed twice that number and organizers inflated the figure by several times.

The official Novosti news agency said that about 10 people were arrested in a skirmish between 200 protesters and security forces, the only incident reported in Moscow. It said there were no casualties.

Elsewhere, Soviet news agencies reported crowds ranging from a few hundred in Tashkent, the capital of Uzbekistan, where the rally was banned, to tens of thousands in Minsk, the Byelorussian capital. Major cities in most regions of the Slavic vastness reported pre-election gatherings in the thousands.

In Moscow, the attitude toward Mr. Gorbachev in the speeches and remarks by the crowd ranged from disappointment to open bitterness. Participants scored the Soviet leader as a half-hearted reformer, as a captive of a Stalinist system, as out of touch or hungry for power.

"Oh, I am so sick of him," said Tamara N. Zveryeva, a pensioner, when asked about Mr. Gorbachev's proposal to fashion himself a more powerful presidency. Wordy and arrogant, was her verdict.

Then she relented a bit and added, "We have to admit it is tough for him. He took on all this himself, and he is still the only Communist leader we can trust."

■ Leningrad Activists Held

Riot police in Leningrad dragged away about a dozen radical pro-democracy activists Sunday, but another rally demanding that Soviet leaders give up their iron grip on power was allowed to proceed in the city, news agencies reported.

Activists from the Democratic Union, an unofficial group contesting Communist rule, were surrounded by a column of 100 police and loaded into buses as KGB plainclothesmen stood by.

The incident took place an hour before an authorized rally in a Leningrad sports complex that was attended by about 10,000 people.

In Moscow, the police visibly relaxed once it became clear that the demonstrators had no intention of marching on the Kremlin to stage a "February revolution." But truck-

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Independence Front Wins by a Landslide In Lithuanian Election

By David Remnick
Washington Post Service

MOSCOW — In the Soviet Union's first multiparty elections in 72 years, Lithuanians overwhelmingly rejected the Communist Party and elected a legislature that is expected to press Moscow hard for independence as early as this year, according to results announced Sunday.

The independence movement Sajudis scored a landslide. Out of 90 candidates winning seats in the first round of voting Saturday, 72 were endorsed by Sajudis.

The figure gives Sajudis a majority in the 141-seat Lithuanian parliament, and the group is expected to increase its weight in the legislature by winning most of the runoffs scheduled in March.

Like various other Communist Party organizations in Eastern Europe, the Lithuanian Communists will now be in the position of playing a minority role in a coalition government.

Such a reversal is singular not only for Lithuania, but also for the entire Soviet state. When Lenin's Bolsheviks won less than 25 percent of the vote in a nationwide legislative race in 1918, Lenin, with the aid of Red Army troops, put an end to what he called "parliamentary cretinism" and began seven decades of one-party rule.

Despite the defeat of the party, the Lithuanian Communist leader, Algirdas Brazauskas, was solidly elected in his district. Mr. Brazauskas strongly enhanced his prestige in December when the Lithuanian party, under his leadership, split with Moscow and endorsed a platform of independence and social democracy for the Baltic republic.

"Time and events obviously moved too fast for the Communists in Lithuania," said Vytautus Landsbergis, the leader of Sajudis.

But he added that on the national level, President Mikhail S. Gorbachev and the Kremlin leadership "may have bought themselves more time" by declining to relinquish the Communist Party's constitutionally guaranteed monopoly on power.

Nearly all of the Lithuanian candidates were united on the issue of independence, differing only on questions of timing and strategy.

In a republic that was independent for two decades before its annexation by the Soviet Union in 1940, the Communists were unable to shed themselves of the burden of history.

"Nobody knows better than I do how dirty our history has been," Mr. Brazauskas said in a recent interview.

Candidates typically tried to distance themselves from the party, and if they had never been Communists they advertised the fact.

Many of the Communists who ran well were also affiliated with Sajudis. Of the 29 Communists who won seats, 13 were backed by Sajudis. Social Democrats won nine seats, and the Greens and Christian Democrats won two each.

Although Mr. Brazauskas appealed for gradualism in the movement for independence, most Sajudis candidates came out in favor of increased pressure on Moscow to allow the republic to secede.

When the republic's legislature meets this spring, Mr. Landsbergis said, it is likely to declare Lithuanian independence and begin a "tough dialogue" with the Kremlin.

Mr. Landsbergis said he expected that Moscow, at first, would react by calling such a declaration "empty or even illegal."

More important, he said, was

See VOTE, Page 5



Reuters

Vytautas Landsbergis, leader of the victorious Lithuanian independence movement Sajudis, talking with reporters Sunday in Vilnius.

East's Social Democrats Lay Out Plan for Unity

Reuters

LEIPZIG, East Germany — The East German Social Democratic Party, seeming victory in free elections in March, set out a timetable for German reunification on Sunday aimed at averting a chaotic annexation by West Germany.

The party proposed a "binding timetable" for unity at the end of a four-day congress in Leipzig and said West and East Germany should form joint parliamentary commissions in April.

It said a planned conference of the four World War II Allied powers and the two Germanys to decide security aspects of unity should also begin in April.

The Social Democrats proposed a joint "German unity council" to draft a constitution based on West Germany's. Party officials said they wanted Willy Brandt, the veteran West German Social Democrat and former chancellor, to head the committee.

Mr. Brandt was elected honorary chairman of the East German Social Democrats on Saturday.

The choice of Mr. Brandt was seen as a symbolic gesture of unity that underscored the party's hopes of becoming the majority party in a reunified Germany.

The new constitution would be put to a referendum and elections for an all-German parliament would then be held. The party's platform said the development of all-German political institutions would avert "a chaotic annexation, allowing an orderly growing together of the Germanys."

It said a 35-nation conference on security and cooperation in Europe should meet late this year to plan a security order to replace the North Atlantic Treaty Organization and Warsaw Pact blocs.

The program proposed three steps to unity: streamlining of social security systems, monetary union and, finally, economic union. Property, price and banking restructuring as well as a capital market with a stock exchange in Leipzig, East Germany's trade center, would be pursued.

Hans Modrow, a Communist and East Germany's transition

See GERMANS, Page 5



Maria Mosmann/Agence France-Presse

ELECTION DAY IN NICARAGUA — Soldiers waiting to vote Sunday in Managua reading a newspaper that has the headline "Your Vote Is Secret." Large crowds turned out for the elections, which are being observed by international organizations. Page 5.

Tokyo Stocks Now Bow to Global Rules

By Patrick L. Smith
International Herald Tribune

TOKYO — With further falls in Tokyo stocks expected this week, economists and financial analysts are coming to view the market's continuing weakness as a turning point in Japan's ability to mount concerted support operations and to isolate itself from uncertain economic conditions in Europe or the United States.

After a week in which prices here suffered their sharpest declines since Oct. 1987, the Tokyo market is seen as facing less than a free fall in coming weeks, but much more than the technical correction that analysts believed the world's largest exchange was experiencing as recently as Thursday.

In economic terms, the global shift to higher interest rates following the opening of Eastern Europe caught Japan off guard. With rates rising in West Germany and stable in the United States, the Bank of Japan must suddenly try to keep pace without damaging either the domestic economy or the values of stock and land.

In the markets, the response to the central bank's deepening interest-rate dilemma has been magnified by computerized arbitrage trading on a large scale for the first time since Japan opened futures and options markets last year. The dramatic swings on an almost daily basis mark the first major challenge to the Finance Ministry's commitment to less regulated and more diversified financial markets.

The Nikkei industrial index plunged 935.87 points Friday to 34,890.97, down 7 percent on the week and more than 10 percent this year. Based on moving averages and widening yield differentials between bonds and stocks, analysts said over the weekend that the index could drop 20 percent this year before moving upward again.

The Finance Ministry's initial response has been swift. Brokerage executives said that by Friday, government officials were scrambling to trace major arbitrage investors and seeking ways to restore the ability of large local houses such as

See TOKYO, Page 11

Kiosk

New Forecast On Population

WASHINGTON (NYT) — The Population Crisis Committee estimated Sunday that the world's population could be stabilized within the next century only if countries made birth control universally available in the next 10 years.

The report by the research group said the world's population, now estimated at 5.3 billion, would reach 14 billion in the next 100 years if birth control was not used much more widely in the 1990s.



AP

Sandro Pertini, the first Socialist president of Italy, is dead at 93. Page 4.

Monday Q&A

Petr Pithart, a leading Czech politician, warned of economic shocks to come. Page 2.

Business/Finance

Oil prices are likely to rise much more rapidly than was earlier expected. Page 7.

Crossword Page 3.

Attention: Airlines in U.S. Extinguish All Smoking Materials

By Michael Specter
Washington Post Service

DENVER — Irene Banks, a committed smoker, has finally decided to quit.

Quit flying.

She is a fearful flyer, and as she took a deep drag on her eighth Marlboro of the evening and stared at the mountains far, far below, she started to scream.

"I'm never getting on another one of these things as long as I live," said the Denver-based army sergeant as United Airlines Flight 243, which landed here early Saturday, made its last run with a smoking section.

"Somehow a bunch of sanctimonious wackos have managed to legalize torture. Who needs them? At least I still have a right to smoke in my own car."

For the moment, anyhow.

Having been hounded from nearly every place but rodeos, bowling alleys and prize fights, cigarette smokers have finally been forbidden to smoke on all airliners flying in the continental United States.

"Unless you are planning to turn around and fly right back, you have probably just taken your last smoking trip," an attendant announced shortly after Flight 243 started its three-and-a-half-hour journey from Washington.

"Beginning on Sunday, United Airlines will prohibit smoking on all flights in the United States, so this will be your last chance."

Applause wafted through the cabin — followed, before long, by jeering.

The result of a brutal and seemingly endless battle between the growing anti-smoking lobby and the massive forces deployed by tobacco companies, the airline ban is the most tangible symbol yet of the country's assault on smoking.

The change has been relatively swift.

It has not been that long since stewardesses — they used to be called stewardesses — handed out small complimentary packs of cigarettes along with peanuts at the start of most commercial flights.

Only a decade ago, abstinence was uncommon and nonsmokers did not even have the right to sit in a separate section.

Representatives of the tobacco industry frequently say there are no valid studies to prove that the effects of people smoking on planes are harmful to others.

But until recently, flight engineers used a well-known and completely reliable test to make certain doors on new planes were sealed properly.

They would put the plane in service for a week. By then, any door that was not airtight would have been deeply stained with a thick yellow ring of cigarette exhaust.

"Good riddance to a curse," said one of the United Airlines attendants, all of whom were eager to talk about the ban.

"I used to want to burn my clothes the second I got on the ground. It was like I lived in a blue cloud up here. My eyes were always beet-red. I can only imagine what my lungs looked like."

Flight attendants have borne most of the health threats posed by airborne smokers, and the great majority of them are delighted about the prohibition.

But at least some of the passengers aboard Flight 243 — 36 of whose 259 seats were reserved for smokers — considered the finality and severity of the prohibition a little hard to justify.

Two years ago a ban went into effect for flights of two hours or less, something most smokers seemed able to accept.

But for a nicotine addict, going coast-to-coast without a smoke might be a lot to ask.

"I don't even smoke," said Rolland Vernon, a manager at International Business Machines Corp. who was heading home to Colorado. "But my wife does. She gets nervous when she gets on a plane and she feels like she has to have a smoke. Sometimes you just have to wonder if the anti-smokers deserve to have all the rights."

Bill Hopkins, a nonsmoking Easterner, agreed. In seat 12-C, he had purposely placed himself smack in the middle of the tobacco-smoke cloud in the front of the main cabin.

"Are you allowed to use the word 'crap' in your newspaper?" he replied when asked what his position was on airline smoking.

"Because that is what all this fuss is. I happen to believe that we don't have enough personal freedoms, and I'm not too big on seeing the ones we do have infringed for no real reason."

One of the flight attendants who said she had recently quit smoking took the same position — but for a different reason.

"It's too late anyway," she said, shaking her head. "We're all going to die of cancer or radiation or some kind of food poisoning. Why not let people have a little fun up here?"

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INTERNATIONAL ART EXHIBITIONS AUCTION SALES COLLECTOR'S GUIDES IN SATURDAY'S INTERNATIONAL HERALD TRIBUNE TODAY PAGES 6 & 7

ANTIQUES

COLLECTORS

NAPOLEON TWO BIG PARCHMENTS

BOOKS

EDUCATION

COLLEGES & UNIVERSITIES

Page 17 FOR MORE CLASSIFIEDS

A Czech Leader Warns of Economic Shocks Soon

Petr Pithart, a leading independent politician in Czechoslovakia and a founder — and until recently the head — of Civic Forum, was named prime minister of the country's Czech region last week. In his first interview in the Western press, he spoke to Joseph Fitchett of the International Herald Tribune about the new politics and prospects of Czechoslovakia.

Q. Can you maintain the smooth rhythm of your country's "velvet revolution?"

A. It was not a revolution; the old regime collapsed too easily for a revolutionary process to occur. When some students' blood was shed, the demand for change became irresistible. Opinion in Czechoslovakia already was impatient for innovations. Unlike some neighboring countries such as East Germany, we never passively adopted Communist models. In dissident groups we were already working on alternatives. Now the search for a new national equilibrium is suddenly able to proceed in political liberty. What is happening is a profound restructuring.

Q. Is the euphoria about national liberation strong enough for Czechoslovaks to endure the economic hardships that lie ahead?

A. No, national pride will not carry us through. Early next month, we will have a national report on the state of the republic. We have already said many things publicly about conditions, but widespread illusions remain about our economic and ecological situation. This report will shock public opinion. Hopefully, the shock will convince people to support the economic and legal changes that the government wants to make.

Q. Can you attain fast enough economic growth to satisfy people's expectations?

A. Our fundamental problem is not growth but to block the inflationary spiral. There is broad consensus on that. We are not counting on growth to save democracy. We are preparing our public opinion to suffer and accept sacrifices. We have no timetable for when we will emerge into

MONDAY Q&A

greater prosperity, but if everything goes well, we can be ready to participate normally in some broad European community by the end of the century.

Q. Among the East European nations, Czechoslovakia appears to have comparatively bright economic prospects. What do you need to take off?

A. We don't need massive economic help or even much investment. We can prosper in any sector that does not require too much energy or too much investment. We have an industrial tradition, and our hopes are based on our labor force because qualified Czechoslovak workers are better than those in any of our neighboring countries.

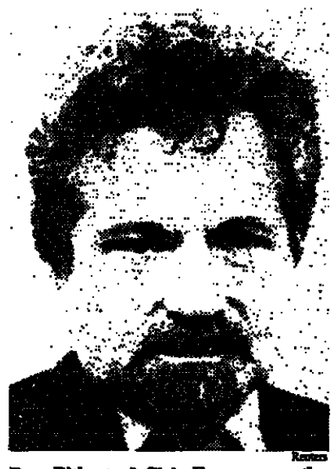
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Q. How strong is foreign investment interest in Czechoslovakia?

A. People seem never to stop coming through the office doors these days in Prague. So we have plenty of proposals to choose from. Of course, potential investors still encounter many obstacles, including lack of rulings about private property. But we will have a package of new laws on foreign investment next month that will remove most difficulties.

Q. What is the biggest concern among Czechoslovak leaders?

A. The influence of 50 years of totalitarianism. People still hope that the central authorities will solve all their problems. People are not ready to make decisions, take responsibility. We have new leaders, but many functionaries have only worked in the old world of control. Of course, there is a layer of officials who worked reluctantly under the old system while wanting something else and, given a chance, they will perform well. But it will take time, one more reason why it will take time.



Reuters

Petr Pithart of Civic Forum, now the prime minister of the Czech lands.

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Q. Civic Forum started as a movement where people of all political tendencies could cooperate while political parties took shape. Now Civic Forum plans to present candidates in the June elections and probably will get a third of the votes. Is that fair to the political parties?

A. Political understanding in our country today resembles the social game where one person whispers a message into another person's ear, who then whispers it to the next. That is how we are trying to recall what democratic political behavior used to be like in our country. Right now, people tend to have demands, not political thinking. Everybody knows what they don't want, but they don't say exactly what they do want. There are no real programs competing for votes. People still reject parties. Civic Forum will serve as a kind of umbrella to help new parties take shape during the first parliament while we overcome the repugnance for politics that is part of our post-totalitarian situation.

Q. How do Czechoslovaks view German reunification?

A. Public opinion is not completely ready to accept it. Concern is linked to the expulsion of 3 million Sudeten Germans after World War II. People, especially in regions bordering the frontier, feel afraid that Germans will seek to return. So we have to have a campaign of explanations about the evils of that period, what the expulsions meant and where we stand today.

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Q. You seem to anticipate difficult times.

A. I am not pessimistic. As someone said recently, at last our troubles begin. Right now, politics in our country is in the hands of highly gifted amateurs, who are supported, symbolized and led by Vaclav Havel. We are trying to invent a new political culture. I don't know what the outcome will be. I'd like to think that it will be something interesting for Europe.

U.S. Fails To Sway Shamir

Call for Dialogue Goes Unanswered

Compiled by Our Staff From Dispatches

JERUSALEM — Prime Minister Yitzhak Shamir is in no hurry to call a cabinet vote on compromise proposals for starting an Israeli-Palestinian dialogue, despite reported U.S. pressure, a Shamir aide said Sunday.

Israeli newspapers and state-run radio reported that Secretary of State James A. Baker 3d was pressing for answers later this week on several points holding up the peace process.

But the Shamir spokesman, Avi Pazner, said the prime minister had no plans to bring any compromise proposals to a vote at a scheduled meeting of the decision-making inner cabinet on Wednesday.

Mr. Pazner denied Israeli news reports that Mr. Shamir already had agreed to a compromise on the makeup of the Palestinian delegation to an initial meeting with Israeli officials that Mr. Baker wants held in Cairo.

He said Mr. Shamir would not consider compromise suggestions before a briefing by Foreign Minister Moshe Arens on Mr. Arens's meeting with Mr. Baker on Friday in Washington. Mr. Arens returned Sunday and was to meet with Mr. Shamir in Tel Aviv.

According to Israeli reports, Mr. Baker was insisting that Israel accept as Palestinian negotiators at least one resident from Arab east Jerusalem and at least one delegate deported by Israel from the occupied territories.

Including a deportee reportedly is intended to meet PLO demands that Palestinians forced to leave the territories be represented, while satisfying Israel's insistence that it will talk only to residents of the occupied West Bank and Gaza Strip.

An important U.S. Jewish leader, Seymour Reich, also spoke Sunday in Jerusalem about the need for Israeli decisions, although he said American Jews would not pressure Israel. *(AP, Reuters)*

■ Baker Presses Arens

Thomas L. Friedman of The New York Times reported earlier from Washington:

Mr. Baker told Mr. Arens that it was time for Israel to accept his compromise formula for opening talks between Israelis and Palestinians, administration officials said.

Mr. Baker emphasized "the time to move is now" and he expected a "quick — very quick" response from the Israeli government, because the United States felt the situation was ripe for progress and matters could not be allowed to drag on any longer, they said.

The official explained that several factors had prompted the Bush administration to demand a final answer from the Israelis.

One key ingredient is the resignation of Ariel Sharon, an influential hard-liner, from the cabinet.

A second factor is the willingness of Egypt and the Palestine Liberation Organization to accept a formula that would enable Israel at least to pretend it was not negotiating directly with the PLO.

These developments have combined to give Mr. Shamir a rare opportunity to begin a dialogue with non-PLO Palestinians, U.S. officials say.

Israeli officials reached in Jerusalem said Mr. Sharon's resignation, far from providing Mr. Shamir with flexibility, has thrown his ruling Likud party into disarray and sparked several open revolts against Mr. Shamir's leadership.

"I would say that at this stage one of three things could happen," an administration official said.

"One, the Israelis could come back and say, 'We accept everything 100 percent.' I doubt that is going to happen.

"Two, they could say we accept everything except this one tiny little point, which we want changed. If they do that, then we have to decide whether we want to go back to the Egyptians and Palestinians and start negotiating with them all over again.

"Third, they could say 'Sorry, we can't do it.' In which case I suspect you might see Baker walk out and say, 'Thanks very much, gentlemen. We tried, and now we've had enough. So long.' "

WORLD BRIEFS

80,000 in Sofia Protest Communism

SOFIA (Reuters) — More than 80,000 Bulgarians, frustrated by the slow pace of change, staged the largest anti-Communist protest in Bulgaria on Sunday since the ousting of the veteran leader Todor Zhivkov in November.

Witnesses said the crowd waved banners with such slogans as "Enough Nightmares" and "Liberty, Freedom, Justice" and chanted "Down with the Bulgarian Communist Party!"

Leaders of the opposition Union of Democratic Forces, which organized the rally, were cheered as they called for an end to Communist rule. The union, which unites 13 leading opposition groups, said the party was dragging its feet over economic changes and delaying changes needed to give the opposition a fair chance in the country's first free elections in four decades, due in late May.

Space Shuttle Launching Is Scrubbed

CAPE CANAVERAL, Florida (AP) — The launching of the space shuttle Atlantis on a secret military mission was scrubbed with 31 seconds left in the countdown early Sunday, after three days of delays caused by weather and the mission commander's health.

The National Aeronautics and Space Administration tentatively rescheduled the launch for Monday at about 1 A.M. pending resolution of a computer problem. The countdown had reached the four-minute mark when the computer problem detected, and the clock was counted down to 31 second, where the spacecraft computer takes control, and held there, while experts investigated the problem.

Poland and Israel to Renew Relations

WARSAW (AFP) — Poland and Israel will restore diplomatic relations this week after a break of more than 20 years, the PAP press agency said Sunday. It said the Israeli Embassy in Warsaw would be opened Tuesday at a ceremony attended by Israel's foreign minister, Moshe Arens.

Poland, together with all Warsaw Pact countries except Romania, broke off relations with Israel after the 1967 Middle East war. The decision to normalize relations amounts to "recognizing that the break 23 years ago was a mistake," according to PAP.

The agency added that the Polish government "deplored the events of March 1968," when many Polish Jews were dismissed from positions of influence and thousands were forced to emigrate in a wave of officially inspired anti-Semitism. It said the government was prepared to restore Polish citizenship to those had lost it and wished to return.

Honecker Suspected of Taking Funds

BERLIN (Reuters) — The former East German leader, Erich Honecker, is suspected of siphoning off millions of Deutsche marks paid by Bonn for the release of political prisoners, the East German press agency ADN said Sunday.

It quoted the state prosecutor as confirming a report in a West German magazine, Der Spiegel, that Mr. Honecker, who was removed from office in October, had been accused of placing 75 million Deutsche marks ($44 million) of the money in a personal bank account in East Germany in 1989 alone. The magazine reported that Mr. Honecker has denied taking any money for himself.

Since the early 1960s, Bonn has paid East Germany huge sums to allow prisoners — usually dissidents or people caught trying to flee to the West — to emigrate.

4th Anniversary of Philippine Revolt

MANILA (Reuters) — Corazon C. Aquino observed the fourth anniversary on Sunday of the revolution that swept her into the presidency. Army rebels charged that her government was "corrupt and incompetent," but Mrs. Aquino said she had rolled back poverty and restored democracy.

Since the end of the 20-year rule of Ferdinand E. Marcos, the government has built housing and schools, cut unemployment and created one of the freest presses in the world, Mrs. Aquino told a rally estimated by police at 20,000.

But rightist army rebels of the Reform the Armed Forces Movement, which helped force Mr. Marcos into exile, issued a statement saying that Mrs. Aquino had betrayed the ideals of the 1986 revolution and should be removed from office.

Katmandu Police Turn Back Protest

KATMANDU, Nepal (Reuters) — Several hundred riot policemen blocked an anti-government protest on Sunday by the recently established Movement for the Restoration of Democracy on the capital's main street.

The group, which includes political parties that have been banned for 30 years, had hoped to bring 10,000 people into the streets to protest the deaths of at least 11 people in demonstrations across the country a week ago. But before the demonstration could begin, the police arrested several opposition leaders, including a National Assembly member, Padma Ratna Tuladhar; a former Katmandu mayor, Hari Bol Bhattarai, and a Communist activist, Hermant Bahadur.

Phnom Penh Foes Admit Major Losses

Compiled by Our Staff From Dispatches

BOEUNG TRAKUAN, Cambodia — Cambodian guerrilla commanders acknowledged Sunday they were suffering major battlefield losses at the hands of the Phnom Penh army and said thousands of civilians under their control were moving toward the Thai border.

The government victories came on the eve of a meeting of the warring Cambodian factions and could strengthen the bargaining position of the Phnom Penh government of Prime Minister Hun Sen.

The conference in Jakarta was to begin Monday.

The guerrilla leaders blamed a halt in weapons shipments from China for their inability to stop a government counteroffensive in northwestern Cambodia.

China has been the main supplier of arms to the three guerrilla groups fighting the Vietnamese-installed government. It remained unclear if the cutoff, which has been confirmed by Western diplomats in Bangkok, was due to logistics or a policy decision.

Beijing has issued no formal statement on the cutoff.

The Jakarta talks are part of the process begun at an international peace conference in Paris in August 1989, and are an effort to see whether a full-scale conference can be resumed.

The main issues are how the United Nations might run or supervise an interim administration to oversee new elections and what parts will be played by the four warring factions: the Phnom Penh government, the Khmer Rouge, the followers of Prince Norodom Sihanouk, and the Khmer People's National Liberation Front.

On Friday, government troops recaptured the strategic town of Svay Chek and guerrilla commanders said Sunday they were unable to make a stand at a second important town, Tmar Puok, due to a shortage of ammunition.

"We cannot defend Tmar Puok. It looks very bad right now," said a senior commander of the Khmer People's National Liberation Front, which is allied with the Communist Khmer Rouge and a group loyal to Prince Norodom Sihanouk.

The front already has abandoned its civilian administration headquarters in Tmar Puok, which served about 50,000 civilians in a "liberated zone" held by the guerrillas since September.

A Western analyst on the Thai border estimated that about 15,000 civilians would flee to the Thai frontier if Tmar Puok fell. Thousands reportedly already have left areas of fighting and are moving closer to the border.

The guerrillas seized a large swath of territory along the Thai border after Vietnam announced in September that it had pulled all its troops out of Cambodia.

Prince Sihanouk ended 11 years of exile on Friday, vowing to live in Cambodia until victory was achieved. He reportedly planned to live in one of two villages northeast of the area of current fighting.

"The fall of Svay Chek was a political, not military action," said a senior official of the Khmer People's National Liberation Front.

"It is the will of China," the official said. "The cutoff of Chinese supplies is a political move by China to force us to cooperate with the Khmer Rouge. Before it was cooperation just on the political front. They now are demanding it on the military front."

The three-party coalition has been an uneasy one. Suspicion of the Khmer Rouge among the non-Communist groups is especially strong given the murderous record of the radical Communist group during its rule in Cambodia. *(AP, NYT)*



Dominic Wong/Reuters

The Khmer People's National Liberation Front leader, Son Sann, arriving Sunday in Jakarta.

German Unity: Jolt to French Strategy

By Joseph Fitchett
International Herald Tribune

NEWS ANALYSIS

PARIS — France, which has long sought a role as the political leader of Western Europe, has nearly lapsed into silence on German reunification as it gropes unsuccessfully for leverage on the Bonn government.

France's discomfort is particularly striking because successive governments have concentrated foreign policy efforts on nurturing a Paris-Bonn axis designed to place Paris at the center of European developments.

The Paris government's problem, according to officials in the Bush administration, is that French postwar geopolitical strategies are being shaken by the prospect of a reunified Germany and the end of a divided Europe.

French leaders calculated that in a divided Europe, with U.S. power defending and dominating the Western camp, France could do these things:

- Enjoy near-great power status with its nuclear strike force and independence within the North Atlantic Treaty Organization.
- Thrive economically as long as West Germany remained a comparably sized competitor and also a nation that protected French interests in exchange for France's security support.
- Gain political power as the European Community's leader.

All those assumptions appear endangered by some likely effects of German reunification: a smaller U.S. military role in Europe and greater European needs, a dramatically wider economic gap between Germany and France, and a loss of momentum toward forging political unity among EC nations.

"We missed our historical chance," a French official said recently. "We should have moved 10 years ago when West Germany was eager for EC integration and would have been grateful for a French nuclear guarantee against a threatening Soviet Union."

Valéry Giscard d'Estaing, president from 1974 to 1981, worked with Helmut Schmidt, then the chancellor of West Germany, to advance EC cooperation to include monetary union. President François Mitterrand intervened in the early 1980s to help the Bonn government rally opinion behind NATO's new nuclear weapons in West Germany.

A British official said the French "thought they had plenty of time, but suddenly events offered West Germany its golden opportunity in the East, and the French have nothing left to say except to try rushing Bonn to sign bits of paper promising to stick with the Common Market and not to get nuclear weapons."

Mr. Mitterrand has insisted that West Germany pursue EC integration at the same pace as reunification. The British government, however, apparently believes that such plans look increasingly hollow as Bonn takes initiatives, including negotiations for monetary unity between the two Germanys, without consulting allied governments.

Facing a newly assertive Germany, French experts say, the Paris government has few options.

"What I miss most is a clear statement of faith in the democratic future of a greater Germany," a senior French official said. "Since we have little choice, we should sound less grudging."

A second possibility, which several experts have raised privately, would be for France to engage in allied discussions to find new formulas for NATO that would enlarge France's role and thereby make it harder for West Germany to edge away from the Western alliance.

But French officials have so far ruled out any such step.

Another option, intended to impress Germans with Western solidarity, would be cooperation between Britain and France, which have been at odds over how fast to push EC integration.

In a speech Thursday, Douglas Hurd, the British foreign secretary, said that, on all issues raised by German reunification, "I am particularly anxious that we should work as closely as possible with the French. We have long had a virtual identity of interest in these matters. I hope that we can work for a virtual identity of views."

France, however, could be tempted to work with the Soviet Union to try to contain German power.

"I am extremely disturbed by hints that France might have some special relations with the Soviet Union," Jean François-Poncet, a former conservative foreign minister, said last week. "France must never forget that Russia will always choose Germany over France."

The best hope for France, several officials said in Paris, would be for the government to present German reunification as "a salutatory shock" that could stimulate the French economy and throw all its diplomatic weight behind British and U.S. calls to keep a reunited Germany in NATO.

Mandela Asks End to Black-Against-Black Fighting in Natal

By David B. Ottaway
Washington Post Service

DURBAN, South Africa — Nelson Mandela appealed Sunday for an end to the black-against-black fighting that is devastating the Natal region and urged supporters at a huge rally to make peace with the Inkatha organization of Chief Mangosuthu Buthelezi.

"Take your guns, your knives and your pangas and throw them into the sea," Mr. Mandela told a crowd of more than 100,000 mostly young people who had gathered to hear him. "Close down the death factories. End this war now."

"Even now as we stand on the threshold of a new South Africa, Natal is in flames," he said, appealing for a halt to the conflict and a redirection of black efforts against apartheid. "Brother is fighting brother in wars of vengeance and retaliation. Every family has lost dear ones in this strife."

Mr. Mandela was making his first appearance in the Natal area since his release from prison two weeks ago, and the visit was widely viewed as a test of his ability to project himself as the leader not only of his African National Congress, but also of the entire black population, including those Zulus supporting Inkatha.

He bluntly told the crowd, in which ANC and Communist Party flags waved, that the only way to end the carnage was to hold negotiations with Chief Buthelezi's Inkatha.

"Let us sit down with Inkatha and make peace so that everyone of you should concentrate in building this nation, in building the peace," he said, departing from the text of his speech to plead for understanding of the need for peace talks.

So deep are the wounds in Natal from three years of sporadic warfare that have taken over 2,500 lives that Mr. Mandela got almost no applause for his plea of reconciliation with Inkatha, the main challenger to the ANC's influence over the Zulus, who constitute South Africa's largest ethnic group.

Local observers said Mr. Mandela's appeal for an end to warfare between South Africa's two biggest rival black nationalist groups was a risky enterprise for him politically that held out the first slim possibility for cooperation between the African National Congress and Inkatha on ending the carnage.

"It was very courageous," said Rolly Arenstein, a white lawyer and one of the very few Inkatha supporters who dared to show up at the pro-ANC rally. "Mandela was going into the lion's den. This gives us the opportunity to go to the townships and say that both Mandela and Buthelezi want this to stop."

Apparently seeking to avoid an embarrassing political situation for himself, Chief Buthelezi was abroad, visiting the United States, while Mr. Mandela spoke in his Zulu stronghold.

Mr. Mandela repeatedly went out of his way to appease Inkatha and Chief Buthelezi, with whom he has maintained a personal friendship despite having spent nearly 28 years in prison.

Although noting that there were "fundamental differences" between the African National Congress and Inkatha, he praised Chief Buthelezi for calling for the unbanning of his own group as well as his own release from jail over the years and for refusing to participate in negotiations for the government.

"This stand of Inkatha has contributed to no small measure to making it difficult for the regime to implement successive schemes designed to perpetuate minority rule," he said.

But he also said Chief Buthelezi's experiment in seeking a regional power-sharing solution with the whites, although initially breaking new ground, was now out of date because "we are now on the threshold of a very different scenario for national change."

Mr. Mandela received a mixed reception. Although he drew a larger crowd than any ever assembled to hear a black or white leader in the Natal region, his message of peace and reconciliation with Inkatha did not arouse much enthusiasm from the youth. They have been the ANC shock troops in moving in on Inkatha-controlled areas of Natal and are totally opposed to the system of traditional Zulu chiefs that Chief Buthelezi personifies.

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Athens Vote Fails To Pick President

Reuters

ATHENS — Greece's 300-member parliament failed on Sunday in its second attempt to elect a new head of state with neither of the two candidates winning the necessary two-thirds majority.

A former Socialist parliamentary speaker, Yannis Alevras, who was nominatedd by the Panhellenic Socialist Movement, received 127 votes. President Christos Sartzetakis, whose five-year term ends in May, received the votes of the 21 Communist deputies. The conservative New Democracy party, which has 148 seats, abstained from the balloting, and four members of parliament were absent.

A third and final round of voting for the largely ceremonial post will take place on Saturday. If, as expected, no winner emerges, national elections will be held for the third time in less than a year.

TRAVEL UPDATE

British citizens will need visas to enter Algeria beginning April 1, the Algerian government announced. A statement said this conformed to "the principle of reciprocity" in view of the recent introduction of a visa requirement for Algerians traveling to Britain or Gibraltar. *(AP)*

Aeroflot will begin operating charter flights from Britain and Ireland next month, with first-class and business-class seating, the Soviet airline announced. Aeroflot plans to offer charter services to Moscow, Leningrad, Kiev, Tashkent, Simferopol and Asian destinations like Beijing, Katmandu, Nepal and Phnom Penh. *(Reuters)*

Air traffic controllers at Bucharest's international airport have returned to work after a 10-hour strike to demand a 300 percent pay increase. An airport official said the controllers agreed to drop their demands for two months because of Romania's dire economic problems. *(Reuters)*

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Andorra, Bolivia, Brazil, Ecuador, Greece, Luxembourg, Panama, Uruguay, Venezuela.

TUESDAY: Bolivia, Brazil, Dominican Republic, Ecuador, Haiti, Liechtenstein, Monaco, Panama, Portugal, Uruguay, Venezuela.

WEDNESDAY: Brazil, Guinea-Buissau, Jamaica.

THURSDAY: Paraguay, South Korea, Uruguay.

FRIDAY: Burma, Ethiopia, Libya.

SATURDAY: Bulgaria, Malawi, Morocco.

Source: Morgan Guaranty Trust Co., Reuters.

WEATHER

EUROPE	HIGH C	HIGH F	LOW C	LOW F	
Amsterdam	11	52	6	43	r
Athens	21	70	8	46	fr
Barcelona	14	57	7	45	fr
Belgrade	19	66	0	32	fr
Berlin	13	55	1	34	fr
Brussels	10	50	2	36	fr
Budapest	15	59	2	36	fr
Copenhagen	9	48	7	45	r
Costa Del Sol	16	61	7	45	sh
Dublin	9	48	6	43	r
Edinburgh	7	45	5	41	r
Faro	17	63	10	50	sh
Florence	13	55	10	50	r
Frankfurt	15	59	5	41	fr
Geneva	16	61	1	34	fr
Helsinki	6	43	-2	28	sn
Las Palmas	22	72	19	66	fr
Lisbon	15	59	11	52	r
London	11	52	6	43	r
Luxembourg	12	54	3	37	fr
Madrid	14	57	3	37	fr
Milan	13	55	1	34	fr
Moscow	7	45	4	39	sn
Munich	20	68	4	39	fr
Nice	13	55	9	48	fr
Oslo	5	41	-3	27	sn
Paris	12	54	10	50	r
Prague	17	63	5	41	fr
Reykjavik	0	32	-1	30	sn
Rome	15	59	4	39	fr
Stockholm	7	45	4	39	r
Strasbourg	16	61	4	39	fr
Venice	8	46	2	36	fr
Vienna	14	57	2	36	fr
Warsaw	17	63	5	41	fr
Zurich	16	61	2	36	fr
MIDDLE EAST					
Ankara	9	48	-5	23	cl
Cairo	18	64	9	48	cl
Istanbul	10	50	4	39	cl
Jerusalem	13	55	1	34	cl
Tel Aviv	17	63	5	41	cl
OCEANIA					
Auckland	25	79	17	46	sh
Sydney	26	79	20	68	sh

ASIA	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	33	91	26	79	to
Beijing	4	39	-7	19	fr
Hong Kong	15	55	9	48	cl
Manila	30	86	22	72	fr
New Delhi	21	70	11	52	cl
Seoul	3	38	-2	28	cl
Shanghai	5	41	-1	30	cl
Singapore	34	93	23	73	fr
Taipei	23	55	9	48	r
Tokyo	13	55	11	52	r
AFRICA					
Algiers	—	—	—	—	ns
Cape Town	24	75	15	59	fr
Casablanca	17	63	12	54	sh
Harare	—	—	—	—	ns
Lagos	31	88	25	77	cl
Nairobi	27	81	12	54	fr
Tunis	18	64	8	46	fr
LATIN AMERICA					
Buenos Aires	29	84	15	59	f
Lima	26	79	19	66	fr
Mexico City	22	72	6	43	fr
Rio de Janeiro	—	—	23	73	fr
NORTH AMERICA					
Anchorage	-5	18	-14	7	pc
Atlanta	8	46	-4	25	pc
Boston	-7	19	-14	7	sw
Chicago	-9	16	-18	-0	fr
Denver	11	52	-2	28	fr
Detroit	-10	14	-19	-2	pc
Honolulu	27	81	19	66	pc
Houston	22	81	9	48	pc
Los Angeles	24	75	12	54	fr
Miami	28	82	16	59	fr
Minneapolis	-11	12	-13	9	pc
Montreal	-14	7	-24	-11	fr
Nassau	24	75	17	63	pc
New York	-4	25	-13	9	sw
Phoenix	28	82	11	52	pc
San Francisco	19	66	7	45	pc
Seattle	11	52	5	41	pc
Toronto	-14	7	-21	-6	sn
Washington	-1	30	-11	12	sn

cl-cloudy; fo-foggy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-showers; sw-snow; st-stormy.

MONDAY'S FORECAST — CHANNEL: Heavy. FRANKFURT: Rainy with hard wind. Temps. 12 — 7 (54 — 45). LONDON: Showers, with hard wind. Temps. 8 — 4 (46 — 39). NEW YORK: Fair. Temps. 5 — 0 (41 — 32). MADRID: Cloudy. Temps. 16 — 8 (61 — 46). ROME: Fair. Temps. 21 — 5 (70 — 41). PARIS: Showers. Available. ZURICH: Rainy. Temps. 14 — 4 (57 — 39). TEL AVIV: Fair (61 — 70). SEOUL: Fair. Temps. 4 — 5 (39 — 23). BANGKOK: Partly cloudy. Temps. 33 — 26 (91 — 79). HONG KONG: Cloudy. Temps. 14 — 9 (57 — 48). MANILA: Fair. Temps. 32 — 21 (90 — 70). SINGAPORE: Fair. Temps. 30 — 25 (86 — 77). TOKYO: Cloudy with rains. Temps. 12 — 7 (54 — 45).

For 7-Year-Old in Bitter U.S. Custody Fight, the Flight Ends

By Saundra Torry
Washington Post Service

WASHINGTON — Antonia Morgan always believed discovery was inevitable.

She was not surprised when it came a few days ago, as the police knocked on her door in Christchurch, New Zealand, where she and her husband were living with their 7-year-old granddaughter, Hilary, the object of one of the most bitter and highly publicized custody battles in the United States.

"It was the last thing I ever wanted to happen," Antonia Morgan, the child's maternal grandmother, said in a telephone interview from Christchurch. "But we rather felt that it would some day, with all the publicity that has gone on."

The child, the daughter of Dr. Elizabeth Morgan and Dr. Eric A. Foretich, disappeared from her home in the Washington area in August 1987 as the custody battle raged.

Dr. Morgan, who dissolved her marriage to Dr. Foretich shortly before Hilary's birth, has asserted that Dr. Foretich sexually abused the child. Dr. Foretich has repeatedly denied that assertion. Dr. Morgan is a plastic surgeon. Dr. Foretich is an oral surgeon.

After Hilary's disappearance, her mother was jailed for 25 months for refusing to reveal the child's whereabouts.

The discovery of Hilary came last week after a worldwide search by Dr. Foretich, who tracked the child to Plymouth, England, and finally to New Zealand. Her reappearance is likely to set off a new round in the protracted battle, which has now moved to the courts of New Zealand.

Antonia Morgan, 75, said she and her husband, William, 79, never felt they were hiding Hilary. "I was determined from the outset that this child was not going to lead the life of a fugitive," Mrs. Morgan said. "She was going to lead the life of a normal little girl, as far as that was possible."

Other family members said Hilary had been attending a private school in the neighborhood. Elizabeth Morgan's brother, James, said Hilary was leading a "happy, normal life."

According to James Morgan, the family traveled and lived under their own names. But he said that because Hilary had "some unpleasant associations" with her first name, Antonia Morgan suggested she change it, and the child chose Ellen.

But Hilary was aware that the family was in hiding, and that Dr. Foretich was looking for them, James Morgan said. "She wore her hair pulled back, so she would not be as recognizable," he said.

Dr. Foretich said in an interview Friday that he had learned that the grandparents told Hilary both her parents had been killed in a car crash.

Both James and Elizabeth Morgan denied that. "How would he know what my parents were telling her?" Elizabeth Morgan said. "Of course not. If Eric were dead, Hilary would not be in hiding."

The family's major fear, James Morgan said, was that Dr. Foretich would find the child and hire private detectives to "grab her and smuggle her out of the country."

They are relieved, he said, that the matter is now in the hands of the New Zealand courts.

The grandparents' two-and-a-half-year flight from the custody feud took them first to Plymouth, where Hilary attended a private school, Beechfield College, and then to New Zealand.

Last week, Antonia Morgan said, Christchurch authorities came twice to their door at the apartment motel where they have been living for months. The first time, they were told they had been found by Dr. Foretich; the second time, they were taken to Family Court, where they obtained a custody order pending another hearing this week.

Meanwhile, in Washington, Elizabeth Morgan said she had spoken with her daughter and found that she had been "upset."

"But it did not last long," Dr. Morgan said, adding, "The courts have shown her they are concerned for her welfare."

The child, she said, "is naturally very unhappy her father has been hunting her down like an animal."

Dr. Foretich, in an interview Friday, said he had searched for Hilary out of love. "I am a good father trying to find my child; a good, loving man, and I just wish the media would see me that way," he said. "I am tired of being portrayed as a latter-day Jack the Ripper."



William Morgan being questioned on Sunday in Christchurch, New Zealand, about hiding his granddaughter, Hilary.

Taking a Recount Of a GI's Benefits

Pentagon Study Finds Military Stint Gives 'Little Advantage' in Later Life

By Bill McAllister
Washington Post Service

WASHINGTON — A widely held belief that military service can be economically and socially uplifting for the underprivileged is sharply disputed by a new Defense Department study.

A three-year study compared the post-military experiences of "low-aptitude" veterans with a similar group of nonveterans and found that military service had given "little, if any, advantage" to the veterans.

"Regardless of speculation as to 'why not,' the military doesn't appear to be the panacea for struggling youth," concluded the Human Resources Research Organization of Alexandria, Virginia, a private, nonprofit group that conducted the study for the Pentagon.

The benefits of military life do not seem "to spill over into civilian life, at least for those with lesser abilities," it said.

Citing a survey of the more than 320,000 low-skilled men admitted to the military during the Vietnam War, the report also cautioned that if anything, their wartime service may have been detrimental.

"The lesson is that low-aptitude people, whether in the military or not, are always going to be at a disadvantage," said W.S. Sellman, director of accession policy for the Defense Department.

The findings run counter to most previous research, which has shown that veterans, especially Vietnam veterans, are more likely to be employed, better educated and have higher incomes than nonveterans.

A researcher at the Department of Veterans Affairs, Lynne R. Heltman, said those studies were based on the U.S. population of 27.1 million veterans and not on any "subpopulation." Noting the paucity of research on veterans of low aptitude, she said both the department's overall findings and those of the new study "may be right."

The military has defined low-aptitude individuals as those classified "Category IV" — well below average — on the basis of a standard test that has been administered to all recruits since 1950.

The new study found that low-aptitude Vietnam veterans earned significantly less, were more likely to be unemployed, divorced and less educated than their civilian counterparts.

The report, delivered to the department in December, examined two periods in which large numbers of low-aptitude personnel were accepted into the military.

The first, 1966 to 1971, resulted from the effort of former Defense Secretary Robert S. McNamara to use the military in President Lyndon B. Johnson's War on Poverty.

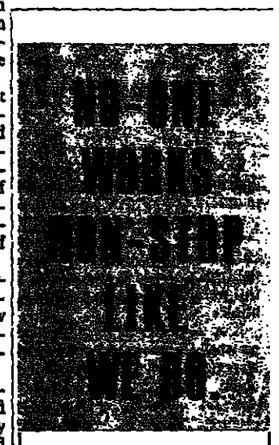
The second, 1976 to 1980, was the result of an error in calculating the norms for the standard Armed Forces Qualification Test, which all recruits take. The error allowed more than 300,000 "below average" applicants into the military.

The new report was most critical of Mr. McNamara's "Project 100,000." In it, he targeted "the subterranean poor" and held out hope that the military, "the largest single educational complex the world has ever possessed," could "salvage tens of thousands" of lives.

The Defense Department, citing surveys of the recruits, said in 1970 that the project had been a "tentative success."

That conclusion is rejected by the new study. It noted that two-thirds of Mr. McNamara's "new standard men" went into the army and that most were assigned to combat or "soft-skill" jobs, such as supply or motor pool assignments.

The study shows that while 10 percent of the veterans were unemployed, only 3 percent of the low-aptitude nonveterans were. The average annual income for the veterans surveyed was $17,629 compared with $23,637 for the nonveterans.



Key Governors' Races Highlight Lackluster U.S. Campaign

By R.W. Apple Jr.
New York Times Service

WASHINGTON — The 1990 U.S. election campaign, which has so far generated little excitement despite several races with considerable significance, is approaching its first major event, the March 13 primaries in Texas.

From now until early November, politicians will be campaigning for 36 governorships, 34 Senate seats, 435 House seats and 6,257 state legislative positions.

Television will again be laden with political commercials. And, unless the experts are all wrong, most voters will be little stirred.

No one expects much of a change in the Democratic dominance in the House and the Senate, although there are half a dozen close races on the docket.

If form is followed, the Republicans will suffer, because the party holding the White House usually loses seats in the election after presidential voting.

But President George Bush carried few legislators to victory with him in 1988; he was the only president ever elected with such a small share of Congress held by his party.

So the Republicans have relatively little to lose, and should also benefit from his popularity, the nation's general prosperity and the lack of other issues to roil the political waters, political analysts say.

The governors' races constitute 1990's high-stakes action, especially those in California, Florida and Texas, the three Sun Belt states that are about to emerge as the powerhouse of U.S. electoral politics.

After the census this year, according to most estimates, the three states will have 24 percent of the membership of the House of Representatives and 20 percent of the strength in the Electoral College, the same share that New York, Pennsylvania and Illinois had exactly half a century ago, when they dominated national politics.

In 1940, Texas, California and Florida counted for considerably less, casting only 11 percent of the votes in the House, about what Michigan, Ohio and New Jersey will cast after reapportionment.

This seismic shift in political strength, which reflects the drain in population from the old Democratic industrial midsection, presents the Republicans with great opportunities. But to capitalize on the opportunities, they have to control at least part of the state governments in the big Sun Belt states.

If the Democrats win the governorships and majorities in the state legislatures, they will draw the new House district lines so as to minimize Republican gains, regardless of conservative sentiments in the South and the West.

At the moment, the Democrats' prospects appear good. They already control both houses in 29 state legislatures, as against 8 for the Republicans.

And they say they have reasonable chances of taking the statehouses away from Republicans in Florida, where Governor Bob Martinez is in trouble; in Texas, where Governor Bill Clements is retiring, and in California, where Governor George Deukmejian is also retiring.

Still, the Republicans are trying hard.

Mr. Bush flew to California this month and will be there again Wednesday to raise money and stir up enthusiasm for Senator Pete Wilson, the Republican candidate for governor in the state that has become the supreme political prize.

As the president noted in Los Angeles on Feb. 6, the census "will give California up to seven new House seats, meaning that nearly one of every eight congressmen in Washington will represent California."

In the longer term, the Republicans seem certain to benefit from the change.

Florida now seems safely Republican in presidential contests, and Texas is heading in that direction.

Only in California, which some Democrats consider their great hope, do the parties seem likely to compete on fairly even terms.

One major consequence of the change appears probable: a tremendous increase in the importance of the Hispanic vote.

All three of the biggest Sun Belt states have large, diverse and growing Hispanic populations.

If the Democrats are to rebuild their standing as the majority party, a crucial element in the equation will have to be the immigrants — not only the Latins but the Asians — who are pouring into Texas, Florida and California.

AIDS Sufferers Weigh Ultimate Option

Despite Backlash, Suicide Has Become Acknowledged Alternative in U.S.

By Seth Mydans
New York Times Service

LOS ANGELES — In Jim Lee's refrigerator there are two carefully hoarded bottles of Seconal. Mr. Lee will die soon, and like large numbers of people with AIDS he is preparing for when the time is right to take his own life.

"I don't need these pills to remind me that I'm dying — whenever I look in the mirror and see my Kaposi's I'm reminded," he said, referring to Kaposi's sarcoma, the cancerous blotches that are a common mark of AIDS. "Whenever I have a fever I'm reminded."

Doctors, social workers and AIDS patients say there are many people like Mr. Lee, facing the near certainty of an agonizing death, surrounded by friends and lovers dying in the same ugly way, who are preparing for suicide.

Far from all of them follow through, but while studies show it is hard to confirm, suicide is more common among people with AIDS than among those with other terminal illnesses.

Mr. Lee, a 53-year-old landscape gardener, says his decision is a liberating one, that he draws from the sight of the Seconal bottles a sense of dignity, strength — even life.

"Once you do this small preparation, you have such a sense of power," he said. "You've taken power away from the medical profession. You've taken power away from the disease. I'm in control now.

"It's quite wonderful and quite easy, isn't it? I rejoice in the fact that when the going gets rough, I don't have to put up with it. Spiritually I'm in a wonderful, calm place."

But as suicide has become an acknowledged option, a backlash has developed among people with AIDS, a feeling that the real dignity lies in seeing the disease through to its end.

Part of that reaction stems from an emerging perception of AIDS as potentially more manageable with the appearance of new drugs and improved treatment techniques.

"If there is a strong trend amid the AIDS population toward suicide, I think there is an even stronger reaction against it," said Fred Clark, 40, who works, as does Mr. Lee, for a private AIDS counseling group called Being Alive.

Mr. Clark said there had been sharp debates on the issue in the group. "I have AIDS and I'm willing to face whatever comes," he said. "You don't want to see people suffer, and I've seen a lot of people suffer, especially when it gets into dementia and people start having seizures and trembling and they can't swallow and their mom is sitting there holding their hands — it's just a pathetic scene.

"But then, at the same time, there's sort of a dignity to it, too. It's sort of like, it takes a lot of strength to carry it that far, to see it through the worst and carry it to the end."

He mentioned a friend whose leg had been amputated because of an AIDS-associated disease.

"I told him: 'I really admire you. I can't believe that you went through this,'" Mr. Clark said. "It was such a strong thing to do and he was in such pain. And he turned to me and he said: 'Wait a minute, buddy. If I die, I'm not going to die from gangrene. I'm going to die from AIDS. I'm going to die from AIDS or I'm not going to die.'"

A study of AIDS and suicide, published in 1988 by a group of researchers led by Peter Marzuk of Cornell University Medical College, found that AIDS patients were 36 times more likely to take their own lives than the entire male population between 20 and 59.

This rate is higher than that of patients with other chronic and eventually fatal diseases, he said.

"What we're finding is that AIDS carries with it a high risk of suicide," said Dr. Marzuk, who estimates that 1,000 AIDS patients will have taken their lives by 1991.

He said that his findings, based on medical examiners' reports, were confirmed in a subsequent study, but that both probably understated the true figures because suicide is often disguised.

Ralph Mero, president of the Washington state chapter of the Hemlock Society, a suicide counseling group, said the organization's various chapters received inquiries from people with AIDS "all the time."

Suicides among patients have become fairly common, said Andrew Weisser, a spokesman for AIDS Project Los Angeles, a private center. In December alone, he said, at least five of the 2,000 patients associated with his group, took their lives.

Sally Jue, the center's program manager for mental health, said that for many such people "control is the whole big issue — control, and fear of pain and suffering, and for a lot of people lack of emotional support."

She said many patients also lost "emotional stamina" as they rode the ups and downs of AIDS. "Sometimes they get tired of fighting," she said. "Each time they get better, they may have lost a little bit of stamina."

She said the will to fight could also be sapped as young men nursed friends through the last stages of the disease and vowed to themselves, as Mr. Lee said he did, "I'll never go through this."

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Italy	Lire	— —	420,000	308,000	231,000	32,000
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Netherlands*	Fl.	06-022.0242	600	492	340	50
Norway*	N.Kr.	002/11.388	2,000	1,640	1,100	175
Portugal*	Esc.	0034/1.353.1085	29,000	32,880	16,000	3,000
Spain*	Pes.	91/353.1085	32,000	28,080	17,600	3,000
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Switzerland*	S.Fr.	0.46.05.44.11	455	491	255	38
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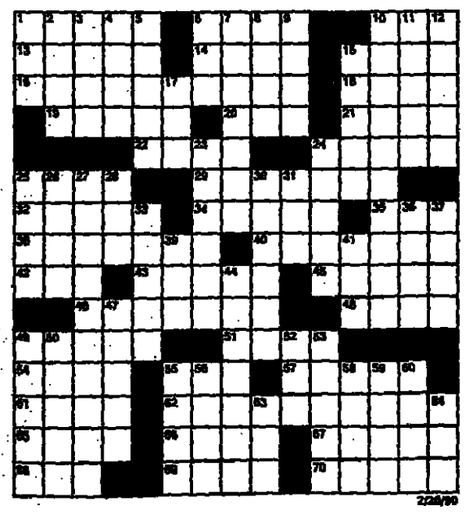
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ACROSS

1 Dinghy and dory
6 Bridge
10 Earl Grey, e.g.
13 Passage to a culvert
14 A Gardner
15 Influence: Colloq.
16 Follows orders blindly
18 Therefore
19 Kind of rocket
20 Mil. vessel
21 Related
22 Cinders of comics
24 Play part
25 Snakes
29 Degenerate
32 Scottish landowner
34 Source of annoyance
35 Child's game
38 Cats and goats
40 Large boiler
42 Comprehend
43 Tickle
45 Mrs. Helmsley
46 Anti
48 Diarrhea
49 "Paddle your own ——"
51 Shanks' mare
54 Arthur of tennis
55 Soft drink
57 Stan's pal
61 Pulled the trigger
62 Gym-shower items
65 Slippery ones
66 Comic Johnson
67 Slow one
68 Opp. of NNW
69 Like winter cheeks
70 Kind of pudding

DOWN

1 Large
2 —— about (date-setting phrase)
3 Lily plant
4 Examination
5 Metric measure
6 Coterie
7 Church dignitary
8 Yodel site
9 Robin's retreat
10 Popular dance of yore
11 —— marbles
12 Unaccompanied
15 Georgian belle?
17 Old —— (the sun)
23 —— linguae (slip of the tongue)
24 Participate in a certain bee
25 Wellaway!
26 Showing sound judgment
27 Categorize
28 Smash sign
30 Go back
31 Eggs, to Cato
33 Fold
36 Top-notch
37 Corrode
39 I love: Lat.
41 —— Moines
44 Chooses
47 Shelley and Keats
49 Jobs for Perry Mason
50 Vestiges
52 Sailor
53 Wade through water
55 Jewish month
56 Spanish coin
58 Turner or Cantrell
59 Retirees' nest eggs: Abbr.
60 Redact
63 "The Star-Spangled Banner" composer
64 Foxy



2/26/90

Solution to Friday's Puzzle

			M	A	D	A	M		A	C	T	E	D	
		V	I	N	E	R	Y		C	H	O	L	E	R
B	A	T	T	L	E	S		C	A	N	D	L	E	S
A	R	I	E	L		T	A	R	T		E	V	E	L
I	N	G		S	N	I	D	E		C	R	E	D	O
N	I	A	S		A	C	I	D	L	Y		D	Y	E
E	S	T	E	E	M		T	I	A	R	A			
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R	I	T	A		F	I	N	I		E	A	S	E	L
C	O	R	N	E	R	S		B	A	R	B	E	R	S
	T	A	N	D	E	M		L	A	D	I	E	S	
		P	A	S	T	A		E	A	S	E	D		

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Sandro Pertini, Italy's First Socialist President, Dies at 93

By Clyde Haberman
New York Times Service

ROME — Former President Sandro Pertini, whose open manner and common touch made him one of Italy's most beloved leaders, died in his sleep Saturday night at his apartment by the Trevi Fountain. He was 93.

A Socialist who spent many years in prison under Benito Mussolini for his anti-fascist resistance, Mr. Pertini became president in 1978. Italy at that point was demoralized — scarred by urban terrorism, economic reversals and corruption scandals.

Independent of spirit and unassailably honest, Mr. Pertini was viewed as a compromise candidate who might help restore lost credibility to the government.

In the opinion of virtually all political observers, he did just that during his seven-year term.

As a rule, Italian presidents exercise little of the power at their disposal, and Mr. Pertini was no exception except on occasion. But he presided over Italy's transformation into a country that, while hardly free of corruption, managed to leave terrorism largely behind and emerge as an economic force to be reckoned with.

Mr. Pertini carried out his duties with dignity and with exceptional wit and a homey touch. He personally greeted thousands of schoolchildren who toured the presidential palace.

"Above all, Pertini missed no opportunity to lash out at the foibles and the more serious shortcomings of *'la classe politica,'*" Joseph La-Palombara wrote in "Democracy Italian Style," a study of the country's politics. "This ploy was a sure winner. Millions of Italians who do the same thing, but less authoritatively, could reach a sublime identification with this man who symbolized for them a level of public morality that everyone else seemed to lack."

Alessandro Pertini was born on Sept. 25, 1896, to a well-off family in Stella, near the Italian Riviera town of Savona. He studied political science and law, served as an army lieutenant in World War I and in 1918 joined the Socialist Party.

Fiercely opposed to Mussolini, he was arrested in 1925 for issuing publications that attacked "the barbarous fascist domination," but in 1926 he escaped to France in a fishing boat.

He returned to Italy in 1929 to join the anti-fascist underground, but was again arrested and imprisoned — this time in connection with a failed attempt to assassinate Mussolini.

Released after 10 years, he was rearrested in 1943 and sentenced to death by the Nazis who occupied Italy. In early 1944 he escaped again and joined the anti-Nazi underground.

Soon after the war, Mr. Pertini won the first of many terms in the lower house of parliament. He aspired to the presidency in 1971, but lost to Giovanni Leone, a Christian Democrat. Mr. Leone resigned in 1978 amid corruption charges and, after 15 ballots, parliament named Mr. Pertini to the post.

Malcolm Forbes Is Dead at 70 of a Heart Attack

By George James
New York Times Service

NEW YORK — Malcolm Forbes, 70, the owner and publisher of Forbes magazine and a flamboyant millionaire whose enthusiastic pursuits included yachting, motorcycling and ballooning, died Saturday of a heart attack at his home, Timberfield, in Far Hills, New Jersey.

Mr. Forbes returned early Saturday from London, where he had been a member of a bridge team representing corporate America in a tournament against members of the British Parliament. The tournament was in Mr. Forbes's home, Old Battersea House, on the Thames River.

His worth was estimated at $400 million to $1 billion, and his life was reflected as much in the society columns as it was on the business pages of newspapers.

Mr. Forbes was often seen in the company of the actress Elizabeth Taylor and, at one point, was rumored to be planning to marry her.

His marriage to Roberta Remsen Laidlaw ended in 1985 after 39 years.

Mr. Forbes made headlines last year when he flew nearly 1,000 guests to Tangier for his 70th birthday party at a cost of $2 million.

The guests included Donald Trump; Walter Cronkite; the singers Beverly Sills and Julio Iglesias; the publishers Katharine Graham, Rupert Murdoch and Robert Maxwell, and former Secretary of State Henry A. Kissinger.

Malcolm Stevenson Forbes was the exuberant head of one of the oldest family-owned U.S. business management publications and at one time in his life was also a rancher and politician. He pursued his varied interests with an intensity that quickly brought him success, or at least near success like his run in 1957 for governor of New Jersey.

He took his first ride in a balloon in June 1972, and was so enthusiastic that the trip turned into an initial instruction session to qualify for his commercial balloon pilot's license, which he received five months later. Ballooning became the weekend passion at Timberfield, a 40-acre (16-hectare) estate.

Among the Forbes holdings were a Fiji island, Lauthala; Old Battersea House in London; a palace in Tangier; and Slegers-Forbes motorcycle agency in Whippany, New Jersey, which stemmed from Mr. Forbes's preballooning fascination with motorcycling.

Mr. Forbes became the publisher and editor in chief of Forbes magazine after his father's death in 1954. His father, Bertie Charles Forbes, a Scottish emigrant, founded the magazine in 1917.

Young Forbes attended Princeton University, where he majored in politics and economics. Upon graduation from Princeton in 1941, he was cited as the "member of his class who has contributed most to Princeton as an undergraduate."

After publishing two weekly newspapers for a year in Ohio, Mr. Forbes enlisted in the army in 1942.

He served as a machine-gun sergeant in Europe, where he was severely wounded in the thigh during combat in World War II.

David Goldfarb, 71, Soviet Jewish Emigré

WASHINGTON (AP) — David Goldfarb, 71, a Jewish dissident who was allowed to emigrate from the Soviet Union after an eight-year battle, died Saturday of heart failure at George Washington University Hospital.

Mr. Goldfarb was allowed to leave the Soviet Union in 1986 after the American industrialist Armand Hammer arranged for his release in negotiations with Soviet officials.

Mr. Goldfarb was denied permission to emigrate to Israel in 1984 after he exposed an alleged attempt by the KGB to enlist his aid in framing Nicholas Daniloff, an American journalist. Mr. Daniloff had been arrested on espionage charges.

■ *Other deaths:*

Johnnie Ray, 63, whose hit recordings in the early 1950s anticipated the rock and roll era, of liver failure on Saturday in Los Angeles. Mr. Ray, whose performing style earned him the nickname "Mr. Emotion," created a sensation in 1951 with a two-sided hit, "Cry" backed by "The Little White Cloud That Cried," which sold more than 2 million copies.

Tony Conigliaro, 45, whose brilliant baseball career was cut short when he was hit in the face by a pitched ball in 1967, of kidney failure on Saturday in Boston. The former Red Sox outfielder was, at age 22, the youngest major league player to hit 100 career home runs.



Malcolm Forbes, whose many passions included motorcycling.

James Gavin, 82, General Who Criticized Pentagon, Is Dead

New York Times Service

James M. Gavin, 82, a World War II commander who went on to become a top U.S. Army administrator, a diplomat and a leading management consultant, died of complications from Parkinson's disease on Friday in Baltimore.

When he abruptly retired from the service in 1958 after a dispute with the Pentagon over what he considered a diminished role for the army in missile development, he was, at 51, the military's youngest general officer of three-star rank.

James Maurice Gavin was a native of Brooklyn who was orphaned in childhood and reared by adopted parents in the coal country of Pennsylvania. He left school after the eighth grade and worked at odd jobs until he joined the army at 17.

Setting his sights on West Point, the young private took after-hours courses to gain a high-school education and passed a competitive examination to win appointment to the U.S. Military Academy. He was commissioned a second lieutenant in 1929 and was a captain when World War II broke out.

His military rise was meteoric. He quickly became a paratrooper and had risen to the rank of colonel by the time he commanded the parachute combat team that spearheaded the invasion of Sicily in 1943. A year later, when he landed on the beach at Normandy on D-day, he was a brigadier general and assistant commander of the 82d Airborne Division.

He was soon given command of the division and, after leading a paratroop assault on Nijmegen, the Netherlands, he was promoted to major general.

General Gavin's postwar assignments advanced him characteristically swiftly, and by 1955 he had become chief of army research and development.

He was an articulate, even zealous advocate of a strong military force adapted to mobile warfare. As such, he was instrumental in developing the helicopter-borne forces that were to play a large role in the Vietnam War.

General Gavin was often at odds with the administration of his former commander, Dwight D. Eisenhower. He felt that conventional armed forces were being neglected by excessive reliance on nuclear weapons as a deterrent to war.

Despite his attacks, General Gavin was marked for promotion to four-star rank. But in 1958, on the eve of that promotion and assignment as commander of the Seventh Army in Europe, he submitted his resignation, saying: "I won't compromise my principles, and I won't go along with the Pentagon system."

In retirement, he became a vice president and later chairman of Arthur D. Little Inc., an industrial research and consulting concern in Cambridge, Massachusetts, but he was never far from the world of military and political affairs.

First he was called upon by President John F. Kennedy to serve as ambassador to France, a post normally reserved for wealthy members of the political party in power.

And in 1967, he returned from a trip to the Vietnam battlefields convinced that "we are in a tragedy."

He argued that U.S. involvement was distracting attention from what he saw as a need to counter advances by the Soviet Union in the Middle East, and that negotiations to end the war should be aggressively pursued.

That position, at loggerheads with that of President Lyndon B. Johnson, led some influential Republicans to promote him as a candidate for president in 1968, but General Gavin asked his supporters to "cease all activities" on his behalf.

Hong Kong Court To Hear Refugee

By Barbara Basler
New York Times Service

HONG KONG — A fisherman from the south of Vietnam who said the Communist Hanoi government forced him to clear mine fields and gather grenades by hand has gained permission to challenge the way this British colony decides the fate of tens of thousands of boat refugees.

A High Court justice in Hong Kong granted lawyers for Nguyen Ho, who has been classified as an illegal immigrant and faces forced repatriation, permission to present his case challenging the government's refugee screening process.

It is the first legal challenge to the process.

The screening procedures, criticized by human rights groups as deeply flawed, are supposed to determine which of the Vietnamese who have fled to Hong Kong are genuine refugees fleeing persecution and which are illegal immigrants seeking to escape their country's grinding poverty.

Those found to be nonrefugees are to be forcibly returned.

Judge Raymond Sears ruled Saturday that the plaintiff, who fled to Hong Kong in 1988, may not be deported until his case is resolved, a process that could end in London's highest court, the Privy Council.

Arthur C. Helton, director of the refugee project of the New York-based Lawyers Committee for Human Rights, who helped organize the challenge, said in an interview from New York that if successful the litigation could force Hong Kong to expand the resources for screening, from more interpreters to trained legal counselors.

If the process is found to be flawed, he said, the colony could even be forced to review the 8,000 cases it has already screened, including the 51 persons who were the first to be forcibly returned to Vietnam last December.

So far, no further repatriations have been carried out, though Britain has said it hopes to resume the forcible returns in a few months.

"We hope the Hong Kong government will consider suspending all forced repatriations until these legal issues are resolved," Mr. Helton said, "because they could affect the 35,000 Vietnamese awaiting screening and the 8,000 already screened."

Government officials have said only 10 percent of the 8,000 who have been screened have been deemed political refugees.

A spokesman for the Hong Kong government said Saturday that officials would have no comment on the fisherman's case.

Government officials have defended the screening process, pointing out that it is monitored by the local office of the UN High Commission for Refugees.

But Robert Van Leerwen, who heads the commission office here, has said that the United Nations has so few lawyers to check cases that "we are not able to insure with confidence that people who might be mandatorily repatriated in the future might not be refugees."

The fisherman, who has said he was subjected to dangerous forced labor because of his family's political past, is arguing that a deficient screening process failed to recognize that he was a genuine refugee.

The fisherman's lawyers have said they are not challenging Hong Kong's right to deport those screened out as nonrefugees, but say the procedures are deficient.

The Vietnamese are not allowed to be present or even represented during their appeal. The appeals board, which meets in private and simply reviews case files, does not have to give reasons for its decisions.

Poll Shows Labor 17 Points Ahead Of Thatcher Party

Reuters

LONDON — Britain's opposition Labor Party has surged to its biggest opinion-poll lead over the governing Conservatives since Prime Minister Margaret Thatcher came to power nearly 11 years ago.

A poll in The Sunday Times shows Labor a record 17 points ahead, at 51 percent, and the Conservatives at 34 percent.

"This growing lead not only demonstrates the deepening hostility to the Tories," a Labor spokesman said, "but also the public's increasing belief in Labor's capacity to form an alternative government."

Labor has maintained a lead in the polls during nearly a year of rising interest and mortgage rates. These increases have reached 15 percent or more, hitting householders' loan repayments. Mrs. Thatcher is also coming under sharper attack, even from her supporters, for introducing a new local tax, the community charge, to replace one based on property.

Fire Is Set at Paris School

Agence France-Presse

PARIS — The British School of Paris was broken into on the weekend and a fire was set that caused heavy damage but no injuries, the police reported.

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As Nicaragua Votes, Bush Vows Support After Fair Election

Compiled by Our Staff From Dispatches

MANAGUA — Big crowds turned out Sunday at polling stations in Nicaragua to choose between the leftists who have led the country since the 1979 revolution and a conservative opposition candidate.

Polling was orderly in Managua, and the city was calm. In the only incidents reported in an otherwise peaceful process, six voting stations in two northern towns and a seventh in the Atlantic region were closed because of the presence of rebel bands in the area.

President George Bush said Sunday that whoever won the election "will find a better climate" for establishing good relations with the United States, so long as the balloting is certified as fair and the resulting government maintains a democratic system.

Fair elections would be "very, very helpful," even if the Sandinista government wins the election, Mr. Bush said.

About 1.7 million people are registered to choose a president, a vice president, 90 members of the National Continuent Assembly and 895 municipal council members. The presidential term is for six years.

Daniel Ortega Saavedra, running for re-election for the Sandinista National Liberation Front, which has governed for 10 years, was the first person to vote at a polling station near his house in central Managua. Cheered by residents and mobbed by hundreds of journalists, Mr. Ortega said he was confident that his party would win.

Mr. Ortega is running against Violeta Barrios de Chamorro of the U.S.-supported National Opposition Union, a center-right coalition.

"I am sure we Nicaraguans are all going to vote today in the conviction that with this vote we will bury the war, bury hatred and conquer peace to allow this country to go forward," Mr. Ortega said.

An eight-year war between the government and Nicaraguan rebels, known as contras, backed by the United States, has left 30,000 people dead and devastated the economy. The United States has supported political and military opposition to the Sandinista government.

Despite his difficulties with the Sandinista government, Mr. Bush said, "Let me say this, if these elections are certifiably free and fair, whoever wins the election will find a better climate in which to improve relations with Nicaragua."

Mr. Bush, asked what the U.S. policy would be if Mr. Ortega remained in power, said he would not accept the premise of the question. But he said the winning side must prove that it supported democratic principles.

"There has got to be a period of establishing bona fides," he said.

What follows the elections "in terms of freedom of the press, freedom of institutions there, freedom to protest, freedom to speak their mind" is crucial, he said.

"I would love to see Nicaragua living peacefully within its own borders, not trying to subvert its neighbors and giving its people a shot at democracy," he said. "Once all that was sorted out, I can guarantee you that there would be better relations with Nicaragua."

The Sandinistas faced a strong challenge from the National Opposition Union, which has said it would roll back many of the far-reaching policies the government has carried out since seizing power in the revolution.

About 2,500 international observers have fanned out through the country to watch the polling. The main international groups observing the elections have said Nicaraguans will have a free choice.

(Reuters, AP, AFP)

■ Arms for El Salvador

Mark A. Uhlig of The New York Times reported earlier from Managua:

Mr. Ortega has said that if he is re-elected, his government will not provide leftist guerrillas in El Salvador with arms to fight a Salvadoran government that he called "legitimate."

His comments, in an interview Friday, appeared intended to respond to Bush administration officials. Those officials have said that even if Sandinista leaders win the election fairly, they must end support for the Salvadoran guerrillas before they can have normal relations with the United States.

Mr. Ortega, whose government has been accused of serving as a conduit of arms to the Salvadoran rebels, said there was no military solution to the civil war in El Salvador. He said he would adhere to various agreements preventing the flow of illegal arms across borders in Central America.

He also said his government accepted the need for strict rules to prevent the shipment of arms to guerrilla groups.

"It is not enough to trust a government's words alone," Mr. Ortega said. "You have to rely on controls."

GERMANS: *Unity Timetable*

(Continued from page 1)

prime minister, floated a program for national unity on Feb. 1 and urged immediate talks with Bonn. But the West German chancellor, Helmut Kohl, ruled out such talks until after a freely elected government takes office in East Germany.

A poll last week projected that the Social Democrats would win more than 50 percent of the vote in East German elections on March 18. Their nearest rival, the Christian Democrats, a former Communist Party satellite, were well behind, with 13 percent, and the Communists had 5 percent.

■ Stemming the Exodus

William Drozdiak of The Washington Post reported earlier from Leipzig:

West Germany's Social Democrats have often led campaigns to reduce, if not banish, nuclear weapons, and the party's candidate for chancellor in elections to be held in December, Oskar Lafontaine, has said Bonn should follow the lead of France and withdraw from NATO's integrated military command.

But this year, as attention has focused on the breathtaking pace toward German unity, the West German Social Democrats have sought to avoid any controversy on military issues that might damage the party's prospects.

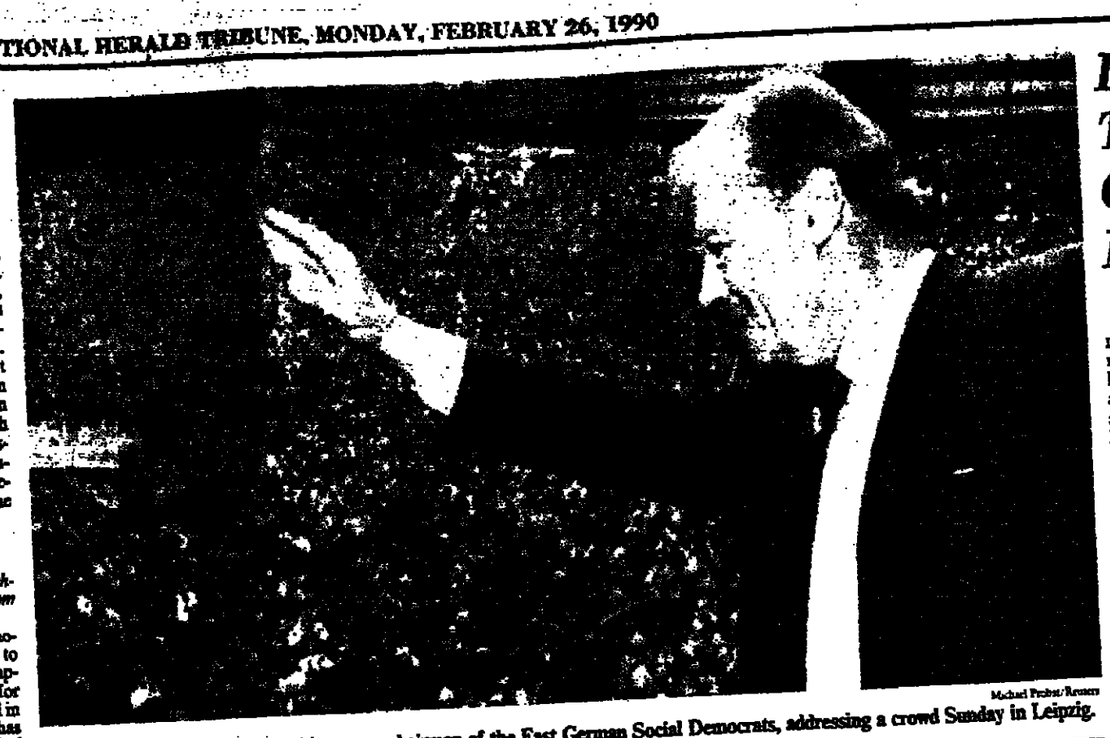
Social Democrats from both German states said at the convention that there was agreement on the urgent need to stem the exodus of 2,000 to 3,000 East Germans leaving for the West each day.

Mr. Lafontaine is seeking support from West German voters worried about protecting their jobs and social benefits from the influx of East Germans, who are willing to accept lower wages and who hope to find better medical care. Both he and Mr. Brandt exhorted East Germans to stay and work for a better life in the eastern part of a united Germany.

The pace of unification is expected to accelerate dramatically after the East German election, and there is increasing discussion in Bonn of allowing East German voters to participate in West Germany's election in December.

If the Social Democrats in the East do as well as expected, party strategists in the West say a pan-German vote later this year could topple Mr. Kohl's center-right coalition and install a Social Democrat as the leader of a united Germany.

In their party's astonishing rise to dominance less than four months after the collapse of the hard-line Communist regime of Erich Honecker, the East German Social Democrats have eagerly accepted money and organizational skills from their brethren in the West.



Michael Probst/Reuters

Willy Brandt, after being elected honorary chairman of the East German Social Democrats, addressing a crowd Sunday in Leipzig.

TALKS: *Germans Stay in NATO*

(Continued from page 1)

participation in its military structure," he continued.

"We agreed that U.S. military forces should remain stationed in a united Germany, and elsewhere in Europe as a continuing guarantor of stability," he said.

Mr. Kohl said that "the security link between North America and Europe is, for a united Germany, of vital importance."

He repeated his support for the continuing presence of U.S. forces in Germany.

The likely candidate for chancellor of the Social Democratic Party in West Germany, Oskar Lafontaine, distanced himself from the pro-NATO position in a speech last week in Leipzig. He described as "downright anachronistic" a call by Christian Democratic politicians for unity within NATO.

Referring to Poland, Mr. Kohl said that "in the Federal German parliament, we have already pronounced ourselves and confirmed our line about the nonchanging of borders."

Mr. Bush interjected to give the U.S. position on this sensitive matter:

"The U.S. respects the provisions of the Helsinki Final Act regarding the inviolability of current borders in Europe, and the U.S. formally recognizes the current German-Polish border."

Mr. Kohl had explained, through a translator, that he understood Warsaw's "very natural wish" that the "legally competent sovereign" of a unified Germany "take that decision" about the border with Poland.

Mr. Bush, asked whether he saw "some difference" between Mr. Kohl's statement and his own, said: "I think we're in alignment. I would not interpret what he said as equivocating at all. And I've just given you the U.S. position."

Mr. Bush said that "there will be a lot of consultative mechanisms to deal with the interests not just of Poland but of our allies and everyone else."

Mr. Kohl then asked to "underpin" what the president just said.

"I do realize that there is a particular interest on the part of the Poles," he said, "and I'm certain that in the course of this process we will find ways and means of adopting solutions satisfactory to everybody.

"But I don't consider it as useful that the two of us, while nobody from amongst our partners are here, try to decide about things and make declarations today."

Mr. Bush was asked whether, in light of Germany's role in two world wars this century, there should not be "some assurances, before this marriage takes place, on borders and security?"

He replied: "I think all those matters will be discussed in the various consultative mechanisms that we brought up. But I prefer to look at Germany's 45 years of contribution to democracy, and to the security of the West."

RALLY: *Protesters Defy Kremlin*

(Continued from page 1)

loads of Interior Ministry troops remained on hand.

In the southern republic of Georgia, tens of thousands of people gathered outside government headquarters in the capital, Tbilisi, to demand a restoration of the independence that ended when the Red Army invaded exactly 69 years ago.

In Minsk, demonstrators demanded the resignation of the republic's conservative Communist leadership, local journalists said.

Reports from the Ukrainian capital, Kiev, said that 50,000 people massed in the city, including miners who staged a three-week strike last year.

In Sverdlovsk in the Urals, 10,000 protesters were addressed by the populist radical Boris N. Yeltsin. Other large rallies were reported in Yaroslavl and Gorky and in cities throughout Siberia.

Soviet voters also went to the polls on Sunday — in Moldavia, where there is a strong national movement, and in Kirghizia and Tadzhikistan in Central Asia.

Riots broke out in Tadzhikistan earlier this month, with crowds demanding the resignation of the republic's top leaders. *(AP, Reuters)*

VOTE: *Independence Front Wins*

(Continued from page 1)

whether the Kremlin would accept the new parliament's general right to rule, not only on the independence question but also on the issue of control of the army and the internal security forces in the republic.

Although Sajudis leaders said they hoped to lay the foundation for independence this year, they acknowledged that the process of separating from Moscow could take longer.

The Soviet legislature is considering a draft law on mechanisms for secession that are at odds with the ambitions of every political leader of consequence in Lithuania.

The law would require a republic considering secession to hold a referendum. Even if the required 75 percent voted in favor, the law would necessitate a five-year waiting period before the Congress of People's Deputies, the expanded legislature in Moscow, confirms the referendum and permits secession.

Sajudis leaders are furious over the law. Even Mr. Brazauskas, who will undoubtedly play a key role in Lithuania's future dialogue with Moscow, has said that five years was "too much."

Mr. Gorbachev's strategy appears to be a holding action, an attempt to delay the inevitable as long as he can.

The Lithuanians are considering not only the level of resistance they can expect from Moscow, but also how much support they can expect from Washington and other Western capitals.

Leader's Son Tortured Comaneci, Mother Says

Reuters

BUCHAREST — Nadia Comaneci, the former Olympic gymnastic champion, was beaten and had her fingernails torn out during a five-year relationship with the son of Romania's deposed dictator, her mother said Sunday.

"I would like to hang him by his tongue and watch him die," said Alexandrina Comaneci, whose daughter captivated the world by winning three gold medals at the 1976 Olympics in Montreal.

The mother's candidate for such treatment, Nicu Ceausescu, 39, is awaiting trial on genocide charges. He is considered lucky to have escaped his parents' fate — execution by firing squad in December.

Mrs. Comaneci described the relationship between her daughter, now 28, and Mr. Ceausescu. She said he dominated her "body and soul" in a five-year period that ended with Miss Comaneci's escape from Romania to the United States just before the overthrow of the regime of Nicolae Ceausescu. She said her daughter's ordeal included these episodes:

- Having her fingernails pulled out during a visit to Mr. Ceausescu's residence.
- Receiving repeated blows to her face, body and thighs.
- Being displayed to Mr. Ceausescu's cronies as his personal property.
- Being expected to visit him on command at any time of the day or night.
- Having her wages stopped, on his orders, so that she would be even more dependent on him.

"Nicu used Nadia as a toy, as a plaything, for his own entertainment," said Mrs. Comaneci. She said he became obsessed with Miss Comaneci when she was Romania's top sports personality in the 1970s. Appointed Youth Minister in 1981, Mr. Ceausescu employed her as a gymnastics coach.

"After she retired from competitive gymnastics she needed work," said Mrs. Comaneci.

"He began telephoning her at home and calling on our house in a drunken state. Then he began threatening her and had her pay stopped. Nadia refused his advances repeatedly but eventually was unable to say no.

"After one of her visits, she showed me bruises on her thighs when she came home. On another occasion she came back with her fingernails torn out. She told me that this had been caused by an infection because she didn't want me to be upset."



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'Adjustments' in Asia

Seoul Can Pay More

Korea's militarized North-South frontier remains dangerous even at the end of the Cold War that prompted it. Pyongyang is still armed to the teeth, rigid and unpredictable. What has changed is the ability of South Korea, after years of stunning growth, to help pay for its own defense.

The Pentagon, pressed by Congress to contain spending, now seeks a more balanced partnership. Reapportioning costs makes military and budgetary sense. South Korea agrees in principle, arguing only over specifics of numbers and timing.

Defense Secretary Dick Cheney began discussions at the start of an Asia-Pacific tour. He did not announce Washington's target amounts for individual countries. For South Korea, these are said to include doubling Seoul's present cash contribution of $300 million, shifting operational command to a Korean general and cutting back the U.S. garrison of 44,000 by 10 to 12 percent. Mr. Cheney brought a similar message to Tokyo.

The Bush administration must come to terms with congressional budget-makers as well as with Seoul. Mr. Cheney reports to Congress on his regional savings proposals on April 1. Legislators will expect South Korea and Japan to contribute their fair share. The hard-pressed Aquino government in Manila has just been asked to swallow a cut in compensation payments for U.S. bases. How can prosperous, politically stable Seoul be asked for less?

Korean negotiators will point out that Seoul contributes more than cash. It also provides valuable real estate, tax exemptions and other items worth hundreds of millions. Counting the costs of South Korea's own armed forces, Seoul devotes a hefty 5.4 percent of its GNP to defense, roughly the same percentage as the United States.

America gains other benefits from its Korea-based troops. Although their only formal role is to aid in South Korea's defense, they are a large factor in America's military presence in the Western Pacific. Even in the post-Cold War era, Asians worry about revival of the rivalries and ambitions of Moscow, Tokyo and Beijing. Many Asians find reassurance in that military presence.

Some Korean nationalists resent it, and object also to U.S. pressure on trade issues. Seoul argues that by standing up to such pressures it makes a further, intangible contribution to U.S. interests. In any case, Seoul will try to bargain for smaller troop cuts. Yet South Korea, whose economy has more than doubled since 1983, can afford to pay more. And Washington can no longer afford to pass up reasonable defense savings.

— THE NEW YORK TIMES.

Uncle Sam Has Limits

Congress is pressing the view that, with the changes associated with perestroika, the American containment role ought to be trimmed in places where it is safe and sensible to do so. The Pacific rim is plainly one of those places. The administration has its own reasons of budget and strategy to want to keep control of the necessary "adjustments" — a word favored over "withdrawal." This is what Mr. Cheney undertook to do. Things went more smoothly in Japan and South Korea, more bumpily in the Philippines.

Inevitably, however, the Cheney mission met the peculiar circumstances of perestroika in Asia, which are different from those in Europe. The Soviet military presence in Asia is large and apparently little affected by political change. South Korea faces a still dangerous North Korea. The Kremlin clings to the war-won Kurils — territorial key to the Japanese heart.

Mr. Cheney raises eyebrows when he says the Soviet threat in Asia is "unchanged." But certainly as long as the Kremlin lags in applying perestroika, Washington will not be under much pressure to move from tactical "adjustment" to strategic review.

It is not too early to be thinking of it. Mr. Cheney cited a list of other-than-Soviet factors — buffering local disputes, keeping things calm, staying at the ready — that would justify a large continued American role. Many Asians might welcome these missions and, most of all, the additional, harder-to-discuss one of heading off a militarily resurgent Japan. But while the United States has a responsible part to play, it should not casually shift into becoming the permanent and dominant balancer for a slice of Asia that has become accustomed to letting Uncle Sam do it. Europeans are now diligently studying the post-Cold War possibilities. Asians have scarcely begun.

— THE WASHINGTON POST.

A Reactor for Pakistan

With its decision to sell a nuclear reactor to Pakistan, France has departed from the rules by which the world tries to discourage the spread of nuclear weapons. Pakistan has been working doggedly to build a nuclear bomb. It is determined to achieve nuclear parity with India, which, if it does not already have weapons, is clearly capable of producing them on short notice.

In its defense France can argue that the reactor will be dedicated to peaceful purposes and be subject to international inspection. Inspections have generally been effective in preventing diversion of fuel to military uses. The French reactor will make no direct contribution to the Pakistani bomb.

But it may make indirect contributions. The French reactor will increase the numbers of Pakistanis trained in nuclear technology and raise the level of their sophistication. Less tangibly but perhaps more harmfully, this sale suggests that at least one Western country is prepared to overlook a customer's illicit activities in the nuclear field. That will be extremely helpful to those people who, in the internal debate in Pakistan, argue that there is no need to make concessions to international rules, because they are not enforced.

To the contrary, they have been enforced fairly well during the years by the countries with nuclear technology to sell. There have been lapses, but on the whole the performance was surprisingly good until recently. The general principle is that the advanced countries are not to sell this portentous technology for any purpose to any country that declines to put all of its nuclear facilities — all of them — under international inspection. This principle is getting frayed in the obsessive competition between India and Pakistan. In 1988 the Soviet Union ignored the rules when it sold two reactors to India, which runs many closed and uninspected facilities. Last fall, in a countermove, China said that it would sell a reactor to Pakistan. Now France has agreed to provide another — the first Western country in some years to ignore the requirement for full safeguards.

Tension between India and Pakistan is now rising once again over Kashmir. South Asia is becoming a place where a regional nuclear war is not only imaginable but is perhaps more likely than anywhere else. Other countries cannot do a great deal to diminish the prospect of that catastrophe, but they have an obligation to do what they can. One thing that they can certainly do is to refuse to sell nuclear technology to countries which, pursuing military ambitions, refuse to open all their nuclear plants to inspection.

— THE WASHINGTON POST.

Cambodia Needs a Push

Steven Erlanger of The New York Times reports that several thousand Vietnamese troops appear to have secretly re-entered Cambodia last fall to help stiffen military resistance to the Khmer Rouge. That news is sure to complicate the task of the Southeast Asian peace conference opening today in Jakarta. Yet the threat of widened war could concentrate the diplomats' minds, not only at Jakarta but also in parallel talks among the five permanent members of the United Nations Security Council.

Vietnam's promise to leave Cambodia must now be considered subject to reversal until there is broad agreement on Cambodia's future. The United States insists that such agreement must be reached. But the Bush administration wrongly casts Prime Minister Hun Sen as the main obstacle to an accord. Washington's chief Cambodian ally, Prince Norodom Sihanouk, deserves the greater share of the blame.

The prince and his non-Communist ally Son Sann have nationalist credentials that Hun Sen, installed by the Vietnamese, conspicuously lacks. A coalition of the three could theoretically bring a settlement. But Prince Sihanouk refuses any deal that excludes his other ally, the genocidal Khmer Rouge. At that, Hun Sen reasonably draws the line. What kind of legitimacy would come from partnership with the murderers of more than a million Cambodians?

This impasse sank last summer's Paris peace conference. Vietnam withdrew its occupation army without a political settlement. The result was renewed fighting as all sides maneuvered for bargaining leverage. A further result, it now seems, was the return of Vietnamese troops.

But out of the diplomatic wreckage emerged a promising new approach, sponsored by Australia. Following the successful precedent of Namibia, it would have the United Nations enforce a cease-fire and supervise elections. The formula has won endorsement in principle from the permanent members of the UN Security Council.

Refining this formula will be the main order of business this week at Jakarta. Hun Sen, whose government now controls most of the country, wants a small UN presence for a short time. Opposition forces want a much larger UN role for a longer time, to offset the advantages of incumbency. That is not unreasonable. But the Namibia example shows that a relatively small UN supervisory force can be effective.

The diplomats arrive in Jakarta under clouds of war. But they also come with new incentives to compromise. Hun Sen and Vietnam need to avoid the embarrassment of further use of Vietnamese troops. And the opposition now knows that it cannot score an easy military triumph over Phnom Penh's wobbly army. What is still needed is a strong push from Washington, Moscow and perhaps Beijing to accelerate the negotiating process and bring real peace.

— THE NEW YORK TIMES.

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OPINION

Why the Cold War Was Really Necessary

By Flora Lewis

PARIS — Unraveling the Cold War is causing enormous concern and unease. The big headaches confronting Europe would have been settled long ago if World War II hopes had been fulfilled for maintaining at least friendly East-West relations, if not an actual alliance.

There is no counting the number of lives lost and ruined because of the Cold War — in wars such as Korea, Vietnam, Cambodia, Afghanistan, in repression, in suspicion which led to persecution in the West as well as in the East. There is no counting the resources wasted and risks run, with long-term ecological damage, on huge armies and devastating weapons.

If hopes rising now are fulfilled for an end to the global power-ideology conflict of the last four decades, future generations will wonder what on earth drove their forefathers to such madness. Did they really mean to nuclearize each other out of existence? Did each side really imagine it had the ultimate answer to the good society and could survive only by doing in its rival?

Communism is an ideology, a system which claimed with "scientific certainty" that it knew how to resolve all social problems and that it had a monopoly on historical foresight. Capitalism was never more than a method for bringing together what it takes to produce — labor, tools, management — with no pretense that constant adjustment and regulation of the social machinery would be unnecessary. The dispute was not between two creeds but between the messianic and the practical view of making things work.

Now Mikhail Gorbachev and his foreign minister, Eduard Shevardnadze, tell the world that there is no difference in basic values. In that case, what was the fight about?

In Ottawa this month, Mr. Shevardnadze did admit to Canadian legislators that "our country took too much time grappling with the dilemma" of truth versus happiness, whether "to prefer the anxiety of someone who knows the truth or the tranquillity of those who ignore it." And to prove that the right choice had been made at last, he said candidly, "Today our country is indeed sick."

But, having recognized "universal human values and the dignity of the individual," having renounced force as an instrument for solving any domestic or foreign problems," and seeking friends instead of enemies, he pronounced: "Such a state has to survive."

Leaving room for error and admitting error in ways that encourage correction offer a better chance.

"We shall become not only a big and strong country but a genuinely comfortable and civilized home for women and men," he said.

Whether or not the Muscovite prediction comes closer to the target this time than when Stalin proclaimed the "inevitable" victory of communism, or when Khrushchev told the West "We will bury you," Mr. Shevardnadze's forecast had a different, newly modest tone.

So the answer probably has to be that the Cold War was, unfortunately, necessary.

There were absurd excesses in the witch hunts, the compulsive secrecy, the military extravagance of the American response. It is strange now to recall what panic, what lack of confidence drove the democracies to feel that they were in danger of being overwhelmed by Communist ideas, not only by Red armies.

There was an unacknowledged link between the Victorian idea of inevitable progress, the promise of the Industrial Revolution, and the Marxist idea of inevitable collapse, the demons of the Industrial Revolution devouring themselves. It stoked fears that the ideologists had a better crystal ball, or a master plan, that might be irresistible and therefore had to be resisted at any cost. John Kennedy pledged that Americans would "pay any price" to preserve our own vision.

We may have paid more than required. But it is questionable that the understanding now awakening in the world that there will always be problems, that utopias are mythical, would have been achieved without the demonstration that the Cold War provoked.

There is a more skeptical idea of progress now, a realization that there will always be trade-offs that bring pain as well as benefit. That realization should be fortifying for the future.

The key lesson is not that righteousness will triumph — both sides wallowed in righteousness — but that there is need for a certain humility in establishing man's place. Perfect systems bring perfect disaster. Leaving room for error and admitting error in ways that encourage correction offer a better chance. That is the great strength of democracy, which is not an ideology, either, but a way of enabling people to settle quarrels by argument instead of force.

There is still a yearning for a grand design, a guaranteed formula to discern and deflect the tide of history. It is a romantic notion, and while romantic ideals have their role as inspiration, they are the source of catastrophe when they are imposed by dreamers who acquire might.

If it took the Cold War to destroy the illusion that the grubby real world can be ignored, it was worth it. Now for getting on with everyday repairs, which make all the difference.

The New York Times.

Cambodia: Why Should This Meeting Do Better?

By Michael Leifer

LONDON — The momentum of diplomacy over Cambodia has slowed since the failure of an international conference in Paris last year. A new round of talks beginning in Jakarta this Monday between contending Cambodian factions, Southeast Asian governments and representatives from France and Australia holds out only meager promise. The more likely outcome is bleak: a reinstatement of entrenched positions against a background of recurrent fighting inside Cambodia.

The major stumbling block in Paris last summer was lack of agreement among Cambodian factions and external backers over terms for power sharing. Australia later tried to overcome this obstacle to a political settlement by having it set aside. Gareth Evans, the Australian minister for foreign affairs, proposed that an interim United Nations administration be established which would, in time, conduct elections for a government. Included in this proposal was provision for dismantling the incumbent administration in Phnom Penh and declaring vacant Cambodia's seat at the United Nations, held currently by the insurgent coalition linking the Khmer Rouge and two non-Communist Cambodian resistance groups.

The Australian proposal was discussed at a meeting of senior officials from the five permanent members of the UN Security Council in Paris last month. The meeting failed to give concrete endorsement to the Australian plan. An enhanced UN role in resolving the Cambodian problems was accepted but without any practical provision for implementation. A second meeting of officials from the five in New York earlier this month failed to advance the position.

Inability to make progress over the Australian initiative seems unlikely to be remedied in Jakarta. The new round of talks will be obliged to confront the same problem which prevented a political accord in Paris. Indeed, the Cambodian adversaries have already declared their stands in ways which do not lend themselves readily to reconciliation.

Vice foreign ministers from Cambodia, Laos and Vietnam met in Phnom Penh on Feb. 10 and 11. Their communiqué indicated a willingness to accept a UN role in organizing general elections but not an interim UN administration. An intriguing reference to internal issues being settled by representatives of the two governments in Cambodia followed a reaffirmation of the need to prevent the Khmer Rouge from re-establishing its genocidal regime. The proposal to declare vacant Cambodia's seat at the United Nations was welcomed.

On Feb. 10, Khieu Samphan, the nominal leader of the Khmer Rouge, wrote to Ali Alatas, the Indonesian foreign minister, indicating willingness to accept a UN role but not in the form of an interim administration. Instead, Khieu Samphan proposed that the United Nations verify Hanoi's claim that all Vietnamese troops were withdrawn in September. He also proposed that the United Nations supervise elections which would be organized by a provisional four-party government made up of all Cambodian factions and headed by Prince Norodom Sihanouk. No mention was made of declaring vacant Cambodia's UN seat.

Neither Cambodian side has indicated any willingness to compromise on the basis of the Australian proposal. Two central issues remain. One is the status of the Vietnam-supported government in Phnom Penh, which claims to control most of the country. The other is the role of the Khmer Rouge, who demand a full and equal share in a provisional government to be established at the expense of the administration in Phnom Penh.

The Cambodian sides have not been encouraged to compromise by their Vietnamese and Chinese backers, whose antagonism sustains the conflict.

At present, resolution of the Cambodian problem is not a matter of coming to terms but of imposing them. Outside powers remain unable to agree on terms for a settlement. So the new round for talks in Jakarta is likely to be a waste of diplomatic time.

The writer, an Asia specialist at the London School of Economics and Political Science, contributed this comment to the International Herald Tribune.

IT IS difficult to predict the outcome. What is certain is that the conditions today appear more conducive than they were six months ago for a political settlement. The Bush administration is seeking the active cooperation of the Soviet Union to help resolve regional conflicts. President Mikhail Gorbachev is expected to play ball, since he needs the cooperation and support of Washington not only in his domestic reforms but also in shaping a new Europe.

After Tiananmen Square, the Chinese government is perhaps more than eager to end its involvement in Cambodia. It needs to focus time and resources on domestic problems. It needs to break out of its international isolation. It could win goodwill in the West by persuading the Khmer Rouge to accept a United Nations role in Cambodia. The Australian proposal, which calls for a UN interim administration to govern until free elections are held, offers Beijing the best face-saving way out of the conflict.

The third condition concerns both Hanoi and Phnom Penh. Time is running out for them. They are losing the support of the Soviet and East European regimes. If the war in Cambodia drags on, it may even be difficult for them to hold the attention of the West European governments. With 1992 fast approaching, the Europeans will increasingly be preoccupied with the European Common Market and the construction of a common European home. Even if the Cambodian conflict is resolved soon, the three Indochinese countries will find it difficult to compete for European trade and investment. They may have to turn to ASEAN and Japan. It is therefore in their interest to work for a solution on ASEAN's terms.

— The Straits Times (Singapore).

Business: Tell Us Why Some Boys Don't Go to Jail

By A. M. Rosenthal

NEW YORK — Once upon a time, in an earlier life, wise men came to instruct me in the ways of something called Management Incentive Compensation, which was always pronounced reverentially, capital letters understood. Occasionally it was referred to less formally, but with just as much respect and devotion, as The Bonus System.

The instruction came when I was deemed to have attained sufficient hierarchical stature on my newspaper. That was some years after I gave up the pleasure of reporting and writing for the privilege of becoming a human target, also known as an editor.

Reporters who become editors do not need MBAs. Most have no previous executive experience, as members of the business side enjoy reminding one another while busy with scotch and tea during company conferences. Even the dullest of reporters who become editors, however, do understand several things about bonuses.

One is that they are not paid out just because a company makes money. A company is supposed to make money, and a board of directors has the right to assume that it is one of the reasons executives are paid anything at all.

So, it was explained, bonuses are paid to executives when they do something special to help increase the company's profits beyond the point where they might be anyway, even if all the executives did was sit around looking intelligent and taking orders from any customers who happened to come in. The idea is that if the company reaches a specific agreed-upon goal of more profit, eligible executives get a bonus.

Sometimes the board insists on seeing each executive's actual plans for boosting profits, something more than a general expression of good intent. That is called Management By Objective, as I came eventually to grasp.

Now, if the company falls short of the goal of increased profits, the bonuses are less, or nothing. And if the company should lose money — knock wood and spit three times into the wind — not only would there be no bonus but perhaps even the annual salary raise might be skipped.

It all seemed reasonable until Feb. 21. Then we all discovered that the executives of Drexel Burnham Lambert had thought up a nifty plan under which they would not only get bonuses if the company lost money but even if the whole shebang collapsed.

Collapsed into bankruptcy — all nonbonus employees laid off, desks sold to the secondhand man and creditors standing in line whistling for their vanished hundreds of millions.

And I mean big bonuses, as high as $10 million a crack, adding up to at least $260 million.

This money was all handed out just weeks before the filing for bankruptcy.

But of course, fellows, you knew that, didn't you? Smart thinking, guys, right under the old wire.

Of course, the Drexel boys are just peanut shellers compared to the gang of savings and loan bankers who gambled with their depositors' money and lost hundreds of billions that Americans all will have to make good.

Hundreds of billions.

Imagine — enough to fight and win the drug war at home and abroad, with enough left over to improve American education so we are not embarrassed every time we see a Japanese, to care for the poor and sick in our shameful streets, to help Eastern Europe and Africa and the disaster areas of Asia. Hundreds of billions.

It happens that I think drugs are viciously dangerous — drugs and the slaughter in the streets that they bring. So from time to time I visit a therapeutic community to talk with young people giving a year or two of their lives working with every nerve end to try to break the drug habit and build a decent life for themselves.

Many have been in jail. They were convicted of peddling drugs in the streets or stealing to get crack money. I think they should have been jailed. So do they, which is a step on the way to their salvation.

I also know a number of very good people who are important in the business life of the United States. Tell me, John, Alan, Jim, Carla, Walter, Felix, Dan, what do I say to those youngsters when they ask me why the crooks, swindlers, pirates and high-rolling con men of the business world, whom you all know by name, are still walking the streets?

Do you have a better answer than the one I have been giving so far — that it is a scandal which political and financial leaders are too frightened to face, or too cynical? Tell me the answer and I will tell those young people.

Then I will report what they say.

The New York Times.

The Solution Is Responsibility

By Haynes Johnson

WASHINGTON — On the day Czechoslovakia's playwright president spoke with rare eloquence about the "family of man," the need for great powers to help others in trouble and how America has much to teach totalitarian lands about democracy and opportunity, the Wall Street wolves provided yet another lesson in first taking care of No. 1.

Once again, Drexel Burnham Lambert Inc. set the standard.

Drexel was recently in the news after filing for bankruptcy. Because the firm virtually created the great "junk bond" market that financed the merger and hostile takeover craze of the 1980s, leaving corporate America weakened and the nation battling rising levels of debt, its fall sent shudders through the financial world.

It was Drexel's Michael Milken, the "junk bond genius," who elevated the firm into almost mythological status as the passionately hailed — and, later, passionately denounced — savior of corporate America. Mr. Milken and his Drexel investment bankers financed billions of dollars for a new breed of American entrepreneurs — the bold "raiders" who led an assault on corporate America that reshaped the financial world, introducing the greatest wave of buying and selling of major businesses in American history.

In the process, Mr. Milken and his associates profited beyond wildest dreams. In 1987 alone he was paid $550 million. He became a billionaire before reaching age 40.

After the bubble burst, Mr. Milken was indicted on criminal charges growing out of allegations made by Ivan Boesky, the "great shark" of Wall Street, and Drexel itself agreed to plead guilty to six felony charges and pay $650 million to the federal government as part of the settlement.

It was against that background that Drexel battled for survival. In its final days it made the rounds of banks seeking a loan to stave off bankruptcy. The amount it sought was $350 million. Now we learn that it paid at least $260 million in bonuses to its top executives in the weeks before its bankruptcy.

Some of the bonuses came only weeks before the bankruptcy filing and reportedly came as much as $20 million for some executives. What a fitting footnote to the legacy of greed and arrogance exhibited on Wall Street.

As news of the Drexel bonus payments was revealed, Vaclav Havel was delivering his remarkably affecting speech in the House of Representatives. His message extended far beyond politics and policy-making, however important. In a speech that he wrote himself, the Czech leader struck a universal theme — of a leader's higher duty to the human conscience.

Salvation of this human world, he said, "lies nowhere else than in the human heart, in the human power to reflect, in human meekness and in human responsibility."

He warned against selfishness and irresponsibility: "Interests of all kinds — personal, selfish, state, nation, group and, if you like, company interests — still considerably outweigh genuinely common and global interests."

He added: "We still don't know how to put morality ahead of politics, science and economics. We are still incapable of understanding that the only genuine backbone of all our actions, if they are to be moral, is responsibility. Responsibility is something higher than my family, my country, my company, my success."

As for his central theme about the extraordinary pace of change, Mr. Havel obviously is correct, but with one exception. On Wall Street, everything is still the same. There the operative order remains: Take care of No. 1.

The Washington Post.

Security: Waiting for The Future

By Stephen S. Rosenfeld

WASHINGTON — There is a gentle international conspiracy to evade the truly tough question of what kind of a security system is to replace the fading old system of the two "Cold War" military blocs. George Bush, again last week Mikhail Gorbachev, the prophetic George Kennan and even the estimable Vaclav Havel agree with almost everyone else that a new system must be devised. But nobody seems to have the foggiest idea of what it might be.

Now, this is not to sound a great alarm. Things generally go well. Mr. Gorbachev's turn to domestic reform has been validated by his restraint as both inner and outer Soviet empires loosen, and by the ferment verging on chaos that he permits to spread at home. Such Soviet threat as is now seen arises not from Kremlin design but from possible default or accident. Political decompression, as in Nicaragua, seems to be Moscow's chosen way to back away from Third World revolutions. We have time to think.

Nor am I making a backdoor argument to retain the old bloc system. It spared the great powers and, in the West, their allies the worst, but it entailed great risks and heavy costs, especially for many lesser others. A critical mass of peoples and governments everywhere judges that the rivalries that generated the Cold War can no longer be indulged.

At the same time, many people have the uneasy feeling that it is imprudent, un-adult, feckless simply to let events take their own course. Hence the question, if not the blocs, then what?

"Two plus four" — the German states and the four major wartime allies, steering toward German unity — is not a concept but a mechanism. The Soviet idea of a "common European house" and the American add-on of a "Europe whole and free" do not directly address security. The American intent to use NATO, the European Community and the Helsinki process to build a new "architecture" similarly falls short. So does the Soviet call to slow the German express.

To replace the Soviet and American blocs, why not one European bloc? But that was Hitler's goal, and even though it is inconceivable that such a thing could again come to pass, the memory of Hitler has its continuing life in vague and sometimes not so vague apprehensions about the eventual purpose of a reunited Germany. This is how Poland's prime minister comes to suggest that, yes, Soviet troops should stay on. It is partly why Hungary suggests, yes, joining NATO.

A more benign single bloc might be created by a Europe that had found political harmony and economic integration, resolved border anxieties and ethnic tensions and created something like a unitary superstate. It is a dream Europe — a good-dream Europe built on what Mr. Havel calls "the family of man" — but it is not yet the Europe that humans actually live in. A stage of transition is still required.

More feasible would be a balance of power in which Britain and France, both with nuclear arms, apply some combination of explicit embrace and implicit counterweight to contain Germany, while mannerly Soviets and Americans keep (and keep each other) at a distance. The notion of balance of power is considered old-fashioned, unstable, Kissingerian; it is also familiar and pragmatic. A Europe that dissolved blocs and dismissed the great powers from active frontline security participation could come to something like this.

All these possibilities have an artificial quality to them. Politically, they lack a sharp focus on what the shape of a future threat is going to be. Psychologically, they do not meet the craving of small countries to have a reliable protector: not just to be part of an abstract security "system" but to have a real fixed address — for 45 years it has been Washington — to go to in emergencies.

As diverting as it is to bash President Bush for lacking "vision," a full year's fruitless global inquiry suggests that we are in a situation whose uncertainties need not so much to be resolved as recognized and lived with. Perhaps the world does not lend itself to the sort of bold strokes that the West took after World War II.

We can push ourselves toward intricate security designs, but we can also wait, nervously but attentively, for more of the future to reveal itself. How will the Gorbachev revolution shake down? Will Germany fit in? Will Americans tend to economic basics? Meanwhile, we can do much to build economic and political links and to ease the burdens and risks of arms: a reasonable substitute for the better, permanent security system that will come later, maybe.

The Washington Post.

100, 75 AND 50 YEARS AGO

1890: Loyal to Britain

QUEBEC — In the Quebec legislative Assembly, Mr. Cameron, speaking on the question of the rights of the English minority on a motion for papers, said that he wanted to know whether the Ministers were loyal to Great Britain — whether they had insulted the British flag. The Premier replied at considerable length, protesting the loyalty of himself and his colleagues, and denying that he had ever expressed himself in favor of a French Republic on the St. Lawrence.

1915: Crisis in Mexico

LONDON — A telegram received in Washington from Mexico City states that Carranza has levied a tribute of five million Mexican dollars upon the banks, and the British and other foreign banks refuse to pay and will close rather than submit. From all reports, conditions in almost every part of Mexico are worse now than they have been at any time.

1940: Welles in Europe

ROME — As Under-Secretary of State Sumner Welles landed in Naples tonight [Feb. 25], the lines were more clearly drawn than ever in Europe, where, after six months of war efforts, the economic situation has worsened to the point where neutral losses are as great as those of the belligerents, and the whole Continent is at a standstill while waiting for the great armies to strike. Chancellor Adolf Hitler's Brown House anniversary speech indicates that even before Mr. Welles begins his talks, if behind his mission there was a hope in President Roosevelt's mind of mediating peace, it is doomed in advance. Hitler's speech was unusually vague, and, beyond his claim for German colonies lost in the World War, he advanced no concrete peace suggestions. While the Soviet press is hostile to Mr. Welles's tour, the Reich propaganda has not only dropped attacks on "American plutocracy," but views the New Deal as a copy of the Third Reich.

FROM TRAIN CONTROL

Herald International Tribune

BUSINESS/FINANCE

MONDAY, FEBRUARY 26, 1990

TO AIR TRAFFIC CONTROL
In Touch with Tomorrow
TOSHIBA

EUROBONDS

Stock Downturn in Tokyo Dispirits Capital Markets

By John J. Duffy
International Herald Tribune

PARIS — Falling Tokyo stock prices sent a chill through the international capital markets last week, driving interest rates in most sectors higher and prompting borrowers and investors almost everywhere to head for the sidelines.

While most world markets were caught on the hop, analysts said the dramatic 3.1 percent and 2.6 percent plunges in the Nikkei-225 index on Wednesday and Friday represented a necessary adjustment in stock prices, given the 150-basis-point rise in Japanese bond yields that has occurred since October.

John Calverley, chief economist at American Express Bank in London, noted that the last time yields on 10-year Japanese government bonds touched 7 percent in 1985, Japanese equities were selling at between 40 and 45 times earnings.

The lack of action by the Bank of Japan has unnerved Tokyo markets.

When bond yields hit 7 percent last week, the average price-earnings ratio was nearer to 50. "The relationship was way out of line and had to come down," Mr. Calverley said.

Adding to the pressure on Tokyo markets has been widespread confusion over Japanese interest-rate policy. Financial markets have been expecting the Bank of Japan to boost its discount rate, currently 4.25 percent, by between a half and a full percentage point since national elections on Feb. 18 as an anti-inflation move. The move has not come.

Rather than easing tensions, analysts say the lack of central bank action has unnerved the Tokyo markets, while a highly unusual public argument between the Bank of Japan and the Ministry of Finance over rate policy has eroded confidence in the yen.

"The failure of the Bank of Japan to tighten right after the elections has undermined confidence in the yen," said Brendan Brown, chief economist at Mitsubishi Finance International.

The dollar, which last week was unchanged to weaker against most major currencies, climbed to a high of 147.35 yen Friday, despite support for the Japanese currency from the Bank of Japan, the Bank of England and the U.S. Federal Reserve. The dollar closed Friday at 147.075 yen, up from 143.920 a week earlier.

In the Eurobond market, the sudden darkening in the outlook for Tokyo stocks was reflected most clearly in the market for equity-linked bonds. The bonds, almost wholly Japanese, carry warrants giving the holder the right to buy the underlying common stock at a certain fixed price.

ONE OF THE FEW GROWTH AREAS of the Euromarkets, the sector suddenly dried up last week. Of the issues launched, most took a drubbing in the secondary market.

For example, A $300 million issue of 2¼ percent equity-linked bonds for Yamanouchi Pharmaceutical Co. launched Friday by Nikko Securities Co. at a price of 100 quickly plunged to 94¼ before rebounding slightly. A virtually identical issue for Toda Construction Co., also launched Friday, met the same fate.

London dealers said that the Eurobond market has had a virtually limitless capacity to absorb equity-linked issues because the Tokyo stock market was seen as having limitless upside potential. On Friday, one dealer described the equity-linked sector as "distinctly queasy."

In other sectors, yields on Eurodollar bonds passed a milestone last week by slipping below those on Euromark issues for the first time in 15 years, as inflation fears continued to dog the West German market.

Analysts said that West German bonds, beset by worries over the cost of monetary union with the East, are unlikely to regain their former former benchmark status any time soon. Over the past month, yields on 10-year West German government bonds have climbed to 8.75 percent from 7.70 percent.

The unprecedented rise in German bond yields has disturbed other longstanding market relationships which, if they persist, could have the effect of allowing other European countries to decouple their monetary policies from that of West Germany, analysts said.

For example, 10-year French government bond yields have historically traded between 200 and 250 basis points above German bond yields. Currently, the spread is 120 basis points and narrowing fast.

Dutch guilder bond yields have traditionally floated 40 to 70 basis points above German issues. Currently, yields for the two currencies are approaching parity.

Analysts say that if yield differentials between West Germany and its neighbors continue to diminish, countries such as France and the Netherlands will no longer have to slavishly follow the Bundesbank's monetary policies in order to defend their currencies.

"The cost of German reunification may be such that the foreign

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CURRENCY RATES

Cross Rates

Feb. 23

	$	£	D.M.	F.F.	It.L.	Gldr.	B.F.	S.F.	Yen
Amsterdam	1.889	3.2275	1.1263	0.3326	0.1525 *	—	5.466 *	1.2829	1.286 *
Brussels(c)	34.535	59.73	20.5465	6.155	2.8167 *	18.304	—	23.7675	0.2378
Frankfurt	1.6775	2.865	—	0.2954	0.1353 *	0.8879	4.806 *	1.1377	1.1415 *
London (b)	1.7885	—	2.9453	9.7015	2.115.50	3.2273	99.59	2.523	250.935
Milan	1,248.10	2,718.80	739.21	218.24	—	454.47	35.515	648.97	0.439
New York(c)	—	1.7095 b	1.6798	5.6855	1,241.25	1.89	34.97	1.4743	147.075
Paris	5.6795	9.703	3.3859	—	0.4981 *	3.0044	0.1626	3.8525	3.845 *
Tokyo	144.05	252.58	87.35	25.81	0.7185	77.59	4.7193	99.83	—
Zurich	1.474	2.5169	0.8793	0.2598	0.1189 *	0.7816	4.2167 *	—	1.0931 *
1 ECU	1.2215	0.7143	2.8459	6.9318	1,513.49	2.3044	42.6106	1.7798	179.493
1 SDR	1.3257	0.7758	2.2239	7.5274	1,644.15	2.5043	46.3137	1.9541	194.884

*Closings in London and Zurich, fixings in other centers. New York closing rates. c: Commercial franc; b: To buy one pound; c: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	4200.1	Fin. markka	3.93	Mex. peso	2731.05	S. Afr. rand	2.5405
Austral. $	1.7122	Greek drac.	158.10	N. Zealand $	1.4935	Soviet ruble*	0.5778
Austr. schil.	11.82	Hong Kong $	7.8075	Nig. naira*	5.2995	Spanish peseta	107.75
Brazil cruz.	28.746	Indian rupee	17.857	Norw. krone	6.448	Swed. krona	6.089
Canadian $	1.2012	Indo. rupiah	1778.01	Phil. peso	22.30	Taiwan $	25.95
Chinese yuan*	4.72	Irish $	0.6315	Port. escudo	147.10	Thai baht	26.58
Danish krone	6.4485	Israeli shek.	1.91	Saudi riyal	3.748	Turkish lira	2362.00
Egypt. pound	2.6133	Kuwaiti dinar	0.2889	Sing. $	1.864	UAE dirham	3.67
		Malay. ring.	2.7015	S. Kor. won	692.90	Venez. bolfv.	43.00

*New York rates unless marked * (local rate.)*

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.6697	1.6695	1.6681	Canadian dollar	1.2055	1.2102	1.2150
Japanese yen	146.75	146.66	146.57	Swiss franc	1.4737	1.4729	1.4717
Deutsche mark	1.6761	1.6764	1.6762				

Sources: Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); Gesbank (London). Other data from Reuters and AP.

Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes

United States	Feb. 23	Feb. 16	Chge
DJ Indus.	2,564.19	2,638.59	—2.71 %
DJ Util.	216.86	221.27	—1.99 %
DJ Trans.	1,081.26	1,079.30	+0.18 %
S & P 100	304.40	311.68	—2.34 %
S & P 500	334.15	332.72	—2.58 %
S & P Ind	373.15	383.81	—2.78 %
NYSE Cp	179.35	183.75	—2.40 %
Britain			
FTSE 100	2,226.70	2,325.90	—3.84 %
FT 30	1,762.30	1,836.00	—4.01 %
Japan			
Nikkei 225	34,890.00	37,440.00	—6.86 %
West Germany			
DAX	1,789.64	1,893.66	—5.49 %
Hong Kong			
Hang Seng	2,894.31	2,939.25	—1.53 %
World			
MSCIP	523.60	542.20	—3.43 %

World Index From Morgan Stanley Capital Int'l.

Money Rates

United States	Feb. 23	Feb. 16
Discount rate	7.00	7.00
Federal funds rate	8.27	8 3/16
Prime rate	10.00	10.00
Japan		
Discount	4¼	4¼
Call money	6 15/32	6 17/32
3-month interbank	7 3/32	7 1/16
West Germany		
Lombard	8.00	8.00
Call money	7.15	7¼
3-month interbank	8.25	8.40
Britain		
Bank base rate	15.00	15.00
Call money	14⅝	14⅝
3-month interbank	15¼	15¼
Gold	Feb. 23	Feb. 16	Chge
London a.m. fix.$	415.85	416.50	—0.16 %

West Germany's Mittelstand Heads East

By Richard E. Smith
International Herald Tribune

FRANKFURT — West Germany's celebrated *Mittelstand*, the innovative layer of small and medium-sized companies which is often given prime credit for the country's economic miracle three decades ago, may become the major agent for economic revival in East Germany as well.

While giant companies such as Daimler-Benz AG and Siemens AG have actively been putting feelers out to East Germany for months, it is the much smaller companies that seem to be being groomed as the primary missionaries of capitalism.

"After years of a planned economy run by a few people, East Germany now needs many people to think and plan and this will only happen if the Mittelstand joins in," said Heinrich Höfer, an economist with the Federal Association of German Industry in Bonn.

Chancellor Helmut Kohl and Economics Minister Helmut Haussmann rarely miss opportunities to call on small businessmen to look eastward, and plans for both government and private funding are taking form to entice them.

In addition, many East Germans are fearful of a "buyout" of their national assets by cash-rich multinationals and may be more at ease dealing with smaller firms.

Last week, Elmar Pieroth, the president of a West German organization representing Mittelstand interests, was even invited to be East Germany's first economics minister if the conservative party wins in the March 18 elections.

The Mittelstand of small and medium-sized businesses has always played a unique role in Germany, with roots dating back to the technological revolutions of the last century. Family-run operations evolved into small companies, which often became leaders in highly specialized technical fields.

These companies, generally distrusting of public share offers or mergers and to this day largely in private hands, were a major motor of West Germany's post-war economic miracle.

"Japan achieved its miracle largely by mass production but the German *Wirtschaftswunder* resulted from an intelligent search for new technological niches," said Gert Schmidt of IKB Bank in Düsseldorf.

According to the Federal Statistics Office in Wiesbaden, firms with fewer than 500 employees produced 51 percent of total West German taxable corporate turnover and 49 percent of the gross domestic product in 1988.

Perhaps most crucial from the point of view of East Germany, the Mittelstand is the biggest job creator in West Germany, accounting for 85 percent of apprenticeships for young trainees as

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Rising Demand Spurs Fears of Oil Price Surge

By Thomas C. Hayes
New York Times Service

NEW YORK — New doubts about the world's ability to pump enough oil to keep pace with growing demand have convinced many analysts that oil prices will rise much more rapidly than previously expected, to about $30 a barrel within five years.

Until recently, most oil executives and analysts had anticipated that prices, now averaging about $20 for a 42-gallon barrel, would rise at a rate slightly above inflation during the 1990s, to not more than about $25 a barrel by 1995.

But many analysts say the supply-demand balance has been shifted by factors including declining output in the United States and the Soviet Union, moves by emerging European nations to buy oil from the Persian Gulf, energy demand in East Asia that is growing far faster than had been expected and constraints on production arising in the oil-rich Persian Gulf.

The speed of the climb in oil prices "will catch a lot of people by surprise," said Mehdi Varzi, head of energy research at Kleinwort Benson Securities in London. "By 1995, it is more than likely that we would have $30 oil."

"There are a lot of imponderables, but I would say the risk of oil prices spiking is greater now than at any time in the last 10 years," said George F. Friesen, an analyst at Deutsche Bank Capital Corp., who also thinks $30-a-barrel oil by 1995 is a strong possibility.

About two dozen industry executives, securities analysts, consultants and economists interviewed on the subject agreed that future price increases for oil might be much steeper than had been predicted even six months ago.

A far smaller number disagreed, contending, among other things, that many nations anticipating such price increases are already taking steps to mitigate them, including installing more energy-efficient equipment and switching to alternative fuels like natural gas.

These experts also say the Persian Gulf oil producers will be able to expand their production capacity to meet whatever demand exists in five years.

A surge in oil prices would threaten the economies of major oil-consuming nations like the United States, Japan and West Germany with rising inflation, higher interest rates and slower growth or recession.

Many economists attributed the 1981-82 recession in the United States, the worst since World War II, to the sharp increase in oil prices in 1979.

Within the United States, property values and employment would rise in energy-producing states like Texas, Colorado and Alaska, and decline in regions like the Northeast and Midwest, said Stephen P.A. Brown, an economist at the Federal Reserve Bank of Dallas.

With every $1 increase in oil prices, Texas adds 15,000 jobs and New York State loses 11,000 jobs, Mr. Brown said. The United States as a whole loses 78,000 jobs for every $1 rise in oil prices, he said.

The U.S. trade deficit, which included $49 billion in payments for imported oil in 1989, would soar with rising oil prices.

Then, over time, some combination of conservation, a slowing economy, rising domestic oil production and more use of alternative fuels would ease import demand, economists say.

At the same time, the oil industry would be likely to gain votes in Congress in its campaign to drill for new reserves in coastal and offshore areas that are now off limits, with the prospect for greater production early in the next decade if the current drilling bans are narrowed or removed.

Because of the change in the supply and demand picture for oil, the widely held view now is that the average price for West Texas Intermediate crude, the American benchmark grade, will exceed $20 a barrel this year for the first time since 1985.

The price of West Texas crude fell to $21.42 a barrel on Friday, and has remained above $21 throughout the winter even though unusually warm weather has lowered heating-oil demand since the new year began. The average figure last year was $19.65, and in 1988 it was $15.98.

Most analysts expect the price to decline to below $19 a barrel by late March, when demand usually slows.

But the price could well rise again after that, many industry experts said, because of trends that have become increasingly clear.

For one thing, global oil consumption has been growing — by an average of more than a million barrels a day since prices collapsed in 1986, to 52.1 million barrels a day last year, according to the International Energy Agency in Paris.

Global consumption — excluding the Soviet Union, China and Eastern Europe — is expected to break the 11-year-old record of 52.3 million barrels a day this year.

Many economists say the rapid growth of demand in the Far East, where many nations' rapidly industrializing economies are growing quickly, will keep demand rising at close to that rate even if U.S. demand does not grow.

In Japan, the government three years ago estimated growth in total energy use at 1 percent a year. But after a surge that put the total above 5 percent in 1988, the government revised its estimate to an average of 3.2 percent through the 1990s.

Private economists also expect the growth in energy use in Southeast Asia to average 5 percent a year through 2000.

Kaifu And Bush To Meet

Break Is Sought In Trade Impasse

New York Times Service

TOKYO — President Bush and Prime Minister Toshiki Kaifu of Japan are to meet as early as next month amid signs that critical trade talks between Japan and the United States are at a serious impasse.

A Japanese official said Mr. Bush telephoned Mr. Kaifu on Friday night to invite him to two days of talks in Palm Springs, California, on March 2 and 3, where he will seek to persuade Japan to take action in the trade area.

Mr. Bush's call came shortly after the governing Liberal Democratic Party's election victory last week.

Mr. Kaifu held back from agreeing to the date, but his aides said the meeting would occur soon, if not at the time proposed by Mr. Bush.

Washington and Tokyo are engaged in a range of negotiations on a dozen different issues to bring down the American trade deficit with Japan, which has remained at about $50 billion since the mid-1980s and has become the focus of rising economic tensions.

Mr. Bush's telephone call came within hours of the conclusion of the latest round of "structural impediment" talks with Japan, in which Tokyo is being pressed to agree to several basic changes in the way business is done in Japan in order to ease the way for more imports.

After the talks concluded Friday, Japanese officials said the United States position was much stronger than they had expected. And Bush administration officials made no secret of their disappointment with what seemed to be Japanese resistance to American requests.

"We spent a lot of time talking past each other," one Japanese negotiator said of the talks.

By contrast, American officials said they were pleased with talks involving Defense Secretary Dick Cheney on security matters.

He won approval in principle from Japan, South Korea and the Philippines for a roughly 10 percent cut in the American troop strength in East Asia and the Pacific.

Aides to Mr. Cheney said they were confident Tokyo would be forthcoming in response to the request to increase its $2.8 billion contribution to the $7.5 billion cost of keeping American forces in Japan.

In the more contentious trade area, however, Washington is pressing Japan to spend more for public works, weaken the influence of powerful Japanese business cartels and relax laws that allow small retail stores to block large stores.

The Bush Administration thinks those and other steps would give American exporters more access to Japanese markets.

Bonn Sees 1 Mark, Many Rates

By Ferdinand Protzman
New York Times Service

BONN — In an effort to balance political expediency and economic wisdom, the West German government is considering using more than one exchange rate in forming a monetary union with East Germany, according to government officials.

No decision has been reached on what exchange rate or rates between the West's mark and the East's will be used when the two nations move to a single currency and unified monetary policy, said Dieter Vogel, a government spokesman.

"It's highly premature to speculate on the exchange rates to be used in currency union," he said. "We are still in the fact-finding stage, and there is a lack of complete data. Nothing has been decided and nothing can be decided because we are only at the beginning of our consultations with East Germany."

He was referring to the first meeting, held Tuesday, of the joint commission established by East and West Germany to work out the details of monetary union.

That commission was created at the behest of the government of Chancellor Helmut Kohl of West Germany, which has taken the lead in the unification effort. The commission meets next on March 5, in Bonn.

After suddenly embracing the idea of rapid currency union on Feb. 6, the Bonn government has run into steady criticism from some of West Germany's most prominent private economists.

Mr. Kohl's administration contends that currency union is an overriding political necessity, calling it the only way to stop the steady exodus of East Germans to West Germany.

Economists said a generous exchange rate, like one to one, would let East Germans retain what wealth they have accrued in an economy where money was one of the few commodities in abundant supply.

Brady and Carli Address Impact of Union on Rates

Reuters

ROME — The danger that moves towards German monetary union could spark a rise in international interest rates dominated talks this weekend between the U.S. Treasury secretary, Nicholas Brady, and Italy's Treasury minister, Guido Carli.

Mr. Carli told journalists after meeting with Mr. Brady that "we both expressed the conviction that it was important as far as possible that any rise in German rates should not spread to the rest of the world where it could provoke a slowdown in economic development."

In Warsaw on Sunday, Mr. Brady was asked by Polish finance officials to speed up promised U.S. aid, but he said that the country wanted to see proof that nations are sticking to harsh reform steps first.

Earlier Sunday in Rome, Prime Minister Giulio Andreotti told Mr. Brady that the issue of German reunification should be discussed by the European Community, NATO and the Conference on Security and Cooperation in Europe.

The U.S. official, who met West Germany's finance minister on Friday, will also visit France, Britain and Belgium.

Nigeria Courts French Investment

Reuters

PARIS — Nigeria's president, Major General Ibrahim Babangida, on Monday will try to convince France that Africa is still a profitable zone that should not be abandoned in favor of investment in Eastern Europe.

The visit by the head of black Africa's biggest economy comes a week after France's employers association warned of what it called the collapse of French private-sector investment in Africa.

The employers association said that a survey of 470 companies showed that most had limited their African investment in 1988 to maintaining existing equipment.

And, with a tempting market opening up in the liberalizing countries of Eastern Europe, African leaders have complained that their continent could be pushed even further to the margin.

"The view in Lagos is that the changes in Europe make it even more compelling for France to consolidate its economic ties with Africa," a Nigerian official said.

A reunified Germany would be such a dominant economic force in Europe that France would need to counterbalance it through commercial ties with Africa, he said.

France is the largest exporter to Africa and the third-largest buyer of African goods after the United States and Italy.

Nigeria, a member of the Organization of Petroleum Exporting Countries, is a major trade partner of France. At its peak in 1985, trade between the two nations was worth more than 20.7 billion francs ($3.6 billion).

But the two-way exchange, which was tilted heavily in favor of Nigeria, has plummeted to about a quarter of that level, reflecting sharply depressed oil exports.

The ensuing cash squeeze has brought the Nigerian economy to its knees. General Babangida has been implementing an adjustment program that has resulted in a huge devaluation of the country's currency, the naira.

Nigeria's foreign debt of about $30 billion is the largest in black Africa. Most of that is owed to France and Nigeria's former colonial ruler, Britain.

Nigeria is grouped with 15 countries regarded as intermediate economies and therefore not entitled to a debt-relief program worked out by the world's seven largest industrial economies in Toronto in 1988.

Mitterrand Urges Africans To Overhaul Economies

Agence France-Presse

PARIS — President François Mitterrand of France says that African countries will have to embark on deep economic reforms to attract new foreign investment and benefit from a surge of prosperity that is expected to follow the 1993 unification of the European market.

In an interview with the Nigerian Daily Times newspaper, Mr. Mitterrand urged African countries to develop their capabilities and competitiveness to take advantage of opportunities offered by the unified European market.

The interview precedes a visit by Nigeria's President, Major General Ibrahim Babangida, who is due to arrive in Paris on Monday.

To benefit from French and international aid, African nations would have to adopt measures to improve their finances and the management of both private and public enterprises, and make an effort to invest in production equipment, Mr. Mitterrand said.

Although he said France intended to remain the leading investor in Africa, Mr. Mitterrand underlined his concern over the drop in French investment in recent years, which he said indicated a "crisis of confidence."

Tool Orders Declined In January

By Jonathan P. Hicks
New York Times Service

NEW YORK — Reflecting the continued downturn in the automotive industry, orders for American-made machine tools slipped 4.2 percent in January from December's level, according to a monthly report released Monday.

Analysts said the suspension of certain capital-spending programs among automobile makers helped to push down the level of new machine tool orders. They also said that a surge in new orders typically occurs in December.

The Association for Manufacturing Technology, the trade association for the machine tool industry, said new orders dropped to $197.6 million in January, from December's level of $206.3 million.

New orders last month were also down 14.4 percent from $230.8 million in January 1989.

As a result of weaker orders over the last year, machine tool builders have increasingly been turning to business outside the automobile industry, as well as seeking new orders from customers overseas.

New orders from foreign customers increased 44.8 percent in January from December's level, while domestic orders were down 12.2 percent.

From January of last year, the level of orders from foreign customers increased 45 percent.

"We are pleased to see some positive numbers on the export side," said Albert W. Moore, president of the association. "But with Europe and Japan retooling and East Europe gearing up, United States manufacturers must move even more aggressively in these very competitive markets."

Machine tools are power-driven devices that cut or shape metal parts used in a variety of products, from appliances and vehicles to aircraft and construction materials.

Finnish Unions Reject Bid to End Strike at Banks

Reuters

HELSINKI — Finnish bank workers rejected on Sunday a mediation plan to end a strike which has closed most banks all month and said the stoppage would go on.

"We need more money and more leisure time," said Raimo Pohjavare, general secretary of the bank workers union, after its leaders rejected a proposal by the national arbitrator.

Heikki Ropponen, leader of the employers, said that the banks could be closed at least two more weeks. He said his side had been willing to accept the plan.

The union has been seeking 10 percent more pay and two more days off a year. The mediator proposed a 7 percent raise but no more days off. No more talks were planned.

The employers locked out union members on Feb. 1 for refusing to handle payments between banks since Jan. 22. Union members formally began a strike on Feb. 15.

The dispute has affected Finnish financial markets, and may soon affect trade. Freight clerks said last week they would no longer clear imports through customs because they were not being paid. They said imports could be halved by the end of this week.

Peace Proves Painful for Brazil's Arms Industry

By James Brooke
New York Times Service

SAO PAULO — Peace is bringing deficits, not dividends, to Brazil's arms-exporting industry, until recently the Third World's largest.

Created in the last 20 years as part of the military's vision of transforming Brazil into a southern superpower, the arms industry is being battered by plummeting sales around the world.

"The armaments industry in the world is in great difficulty," a Brazilian arms dealer said glumly in an interview. "This has reached the Brazilian industry, which was selling almost exclusively abroad."

Symptomatic of the crisis is Avibras Aerospacial SA, Brazil's rocket and missile manufacturer.

Bolstered by sales to Iraq during the Iran-Iraq war in the 1980s, Avibras had the largest exports in 1987 of any private Brazilian company: $322 million-worth of rockets.

But with peace taking hold in the Persian Gulf, Avibras progressively cut its payroll, from a peak of 6,000 to 900. Stuck with $90 million in unsold rockets, the company filed for bankruptcy last month.

Seeking to survive in a new era, Avibras has started making antennas for the home television market.

Peace is undermining a second pillar of Brazil's once booming arms industry, Engesa SA, a maker of tanks and armored vehicles.

Named after Brazilian serpents, these armored vehicles were used heavily by Iraq in its war with Iran and by Libya in its war with Chad.

But with those wars over, or at least suspended, Engesa has been forced to lay off two-thirds of its personnel, reducing its staff from 3,300 in 1986 to about 1,100 today.

To save Engesa, Brazilian diplomats, army generals and arms salesmen have been pressing Saudi Arabia to award Engesa a $2 billion contract to build about 320 Osorios, 40-ton battle tanks. After two years of lobbying, the Brazilians have been unable to win the contract.

To raise cash, Engesa has sold two subsidiaries in six months. A third pillar of the arms industry, Embraer SA, an airplane manufacturer, seems to be doing well, partly because its civilian sales started to outstrip its military sales in 1987.

Although the company makes sea-patrol planes, military-training aircraft and ground-assault jets, it has found that its bread-and-butter business is civilian commuter aircraft.

In recent days, the prestige of another company, Helibras SA, has been tarnished by newspaper reports asserting that it will perform only 5 percent of the work on a $246 million contract for 52 helicopters for the Brazilian army.

With the French company Aerospatiale winning 93 percent of the consortium contract, Brazil's helicopter manufacturer will be reduced in some cases to painting camouflage on the craft, the newspapers have said.

On March 15, Brazil's first civilian elected president in 29 years is to take office. Facing an enormous government deficit, the new president, Fernando Collor de Mello, is expected to prevent Brazil's military from making large purchases to save domestic arms manufacturers.

By promoting an export-oriented industry, military strategists in the 1970s chose an inexpensive way to maintain arms independence when relations were tense with the United States, Brazil's chief arms supplier.

Today, with the industry in crisis, there is much debate over the future of the arms factories.

"The armed forces cannot, under pain of losing our national sovereignty, stay undesirably dependent on defense materiel supplied by other nations," Domingos Adherbal Olivieri, president of the Brazilian Association of Defense Materiel Industries, wrote recently in the Folha de São Paulo newspaper.

"The lesson of the Malvinas is still present in our minds as a clear example," he said, referring to the 1982 war between Britain and Argentina over the Falkland Islands.

But Renato Dagnino, a professor of political science at the State University of Campinas, wrote in Folha that Brazil's arms industry was shot through with hidden government subsidies.

International BusinessWeek

This week's topics:

- Dig! The Rush To Rebuild Europe
- Sudden Shock Waves In Global Finance
- Now Japan Gets Jumpy About Quality
- Wonder Drugs That Fight Viruses
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WEEKLY INTERNATIONAL BOND PRICES

Provided by Credit Suisse First Boston Securities, London, Tel: 01 323 11 30. Prices may vary according to market conditions and other factors. Feb. 23

Dollar Straights

Governments / Supranationals

Banks & Finance

Global Corporates

Third World

Issuer	Con	Mat	Price	Yld Mat	Spd Trsy
Astra Sa	16⅜	92	58	11.97	
Banobras	17¼	92	108	12.46	+395
Escom	11½	91	101	13.08	+436
Escom	12¼	91	98½	12.67	+497
Mexico	8⅝	91	115	17.46	+876
PEMEX	17¼	94	115	5.89	-370
South Africa	12½	91	100¼	11.92	+322

Dollar Zeros

Issuer	Mat	Price	Yld	Spd Trsy
ADB	94	29⅝	9.01	-10
Amer Hospital	88	34½	10.71	+166
Amer Intl Gp	04	27⅛	9.45	+33
Amer Medic	97	27	19.22	1021
Amer Medic	00	12	18.57	+949
Amex	00	37⅛	9.46	+40
Arco Fin	92	83¼	9.45	+98
Austria	95	61⅛	9.38	+45
BNP C/W	92	81¼	9.90	+111
BNP X/W	92	81¼	9.90	+111
Baker	92	82	10.52	+175
Beatrice Foods	92	75	15.99	+723
Bk Tokyo	91	88⅞	9.52	+129
BP Capital	95	61½	9.60	+68

Japan May Trade Palladium

Reuters

TOKYO — Fierce opposition by Japan's precious metal retailers is unlikely to halt a government plan to make palladium the fourth precious metal listed on a local commodity futures exchange, industry sources said.

The Japan Gold Metal Association, representing major retailers, asked the Ministry of International Trade and Industry on Thursday not to approve listing of the metal on the Tokyo Commodity Exchange for Industry.

The association said in its request that palladium prices should not be subject to speculation because world supplies total only about 100 tons a year. Most of it is used for industrial purposes such as parts for automobiles, electronics and dental equipment, it said.

The association also said there had been problems with the palladium contract on the New York Mercantile Exchange.

"Sharp price fluctuations there caused serious damage to users and speculators. Its trading volume has thus been shrinking," the group said in a statement.

The exchange has been planning since last year to add palladium to its gold, silver and platinum futures contracts.

The ministry said it will take the group's request into consideration but said the government is strongly committed to promoting the growth of the futures industry in Japan.

Tetsuya Sato, the ministry's director of commercial affairs office, said there is some unofficial trading of palladium futures in Japan, especially since last April when the metal's price surged on reports that room-temperature nuclear fusion had been achieved using palladium electrodes.

"Such black markets are reasons for the squalid image of the futures market," he said.

A spokesman at the commodity exchange said: "By listing a new item, we can further promote the futures business, which is already on the way to expanding into an internationalized market."

COMPANY RESULTS

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.

Britain

ICI

4th Quar.	1989	1988
Revenue	13,170.	11,780.
Pretax Net	296.00	340.00
Per Share	1.35	1.297

Midland Bank

Year	1989	1988
Pretax Net	(a)261.	693.00
Per Share	—	0.536

a: loss.

Natwest

Year	1989	1988
Revenue	1,890.	1,670.
Pretax Net	404.00	1,410.
Per Share	0.15	0.62

Canada

Abitibi-Price

4th Quar.	1989	1988
Revenue	800.90	855.60
Profit	(a)14.5	48.10
Per Share	—	0.66
Year	**1989**	**1988**
Revenue	3,260.	3,300.
Profit	54.00	191.10
Per Share	0.70	2.64

a: loss.

GM of Canada

Year	1989	1988
Revenue	19,700.	19,300.
Profits	236.10	359.40

Moore

4th Quar.	1989	1988
Revenue	728.20	676.50
Profit	61.10	62.80
Per Share	0.65	0.68
Year	**1989**	**1988**
Revenue	2,710.	2,540.
Profit	201.70	184.00
Per Share	2.15	2.01

Japan

Pioneer Electronic

3rd Quar.	1989	1988
Revenue	150,110.	122,960.
Profit	12,710.	6,550.
Per Share	70.81	43.27

Sony

3rd Quar.	1989	1988
Revenue	870,560.	613,820.
Profit	41,860.	28,900
Per Share	121.70	94.40

TDK

3rd Quar.	1989	1988
Revenue	131,210.	113,530.
Profit	7,030.	6,390.
Per Share	54.95	50.30

South Africa

AECI Ltd

Year	1989	1988
Revenue	4,757.	4,082.
Profit	314.00	255.00
Per Share	0.20	0.17

United States

Honeywell

4th Quar.	1989	1988
Revenue	1,610.	1,598.
Net Inc.	392.00	(a)482.2
Per Share	9.26	—
Year	**1989**	**1988**
Revenue	6,060.	5,840.
Net Inc.	604.70	(a)434.9
Per Share	14.18	—

a: loss.

Hormel & Co.

1st Quar.	1990	1989
Revenue	620.50	551.20
Net Inc.	14.40	12.70
Per Share	0.19	0.18

1989 per share results restated for a 2-for-1 split in Jan.

Litton Industries

2nd Quar.	1989	1988
Revenue	1,270.	1,280.
Net Inc.	44.60	43.50
Per Share	1.78	1.71
1st Half	**1989**	**1988**
Revenue	2,480.	2,430.
Net Inc.	88.10	87.80
Per Share	3.51	3.40

Loews

4th Quar.	1989	1988
Revenue	3,030.	2,930.
Net Inc.	191.10	264.10
Per Share	2.55	3.49
Year	**1989**	**1988**
Revenue	11,440.	10,750.
Net Inc.	907.10	908.50
Per Share	12.07	11.94

Masco

4th Quar.	1989	1988
Revenue	781.50	738.40
Net Inc.	6.80	58.30
Per Share	0.04	0.57
Year	**1989**	**1988**
Revenue	3,150.	2,970.
Net Inc.	220.90	317.40
Per Share	1.42	2.03

Melville

4th Quar.	1989	1988
Revenue	2,520.	2,290.
Net Inc.	238.10	205.30
Per Share	2.23	1.89
Year	**1989**	**1988**
Revenue	7,550.	6,780.
Net Inc.	398.10	354.50
Per Share	3.56	3.26

Nash-Finch

4th Quar.	1989	1988
Revenue	522.40	507.50
Net Inc.	4.25	3.32
Per Share	0.40	0.31
Year	**1989**	**1988**
Revenue	2,230.	2,080.
Net Inc.	13.10	18.10
Per Share	1.21	1.67

Navistar

1st Quar.	1990	1989
Revenue	886.00	1,010.
Net Inc.	(a)18.0	37.00
Per Share	—	0.12

a: loss.

Northrop

4th Quar.	1989	1988
Revenue	1,330.	1,730.
Net Loss	16.40	84.10
Year	**1989**	**1988**
Revenue	5,270.	5,600.
Net Inc.	(a)163.50	184.20
Per Share	—	2.22

1989 includes charge of 320 million in quarter.

Texas Utilities

4th Quar.	1989	1988
Revenue	1,040.	954.40
Net Inc.	183.50	108.20
Per Share	1.00	0.60
Year	**1989**	**1988**
Revenue	4,320.	4,150.
Net Inc.	779.10	443.70
Per Share	4.44	4.80

TRW

4th Quar.	1989	1988
Revenue	1,920.	1,770.
Net Inc.	64.00	36.80
Per Share	1.04	0.91
Year	**1989**	**1988**
Revenue	7,340.	6,980.
Net Inc.	263.00	261.20
Per Share	4.31	4.29

VF Corp.

4th Quar.	1989	1988
Revenue	663.40	480.90
Net Inc.	48.30	38.20
Per Share	0.87	0.56
Year	**1989**	**1988**
Revenue	2,530.	2,080.
Net Inc.	176.00	173.70
Per Share	2.72	2.95

Whirlpool

4th Quar.	1989	1988
Revenue	1,570.	1,020.
Oper Net	49.40	48.90
Oper Share	0.71	0.89
Year	**1989**	**1988**
Revenue	6,290.	4,420.
Oper Net	187.20	161.20
Oper Share	2.70	2.33

1989 includes charge of $9.2 million in quarter.

Zenith Electronics

4th Quar.	1989	1988
Revenue	443.20	439.80
Oper Net	4.00	7.58
Oper Share	0.15	0.29
Year	**1989**	**1988**
Revenue	1,550.	1,480.
Op. Nt loss	17.80	11.08

MUTUAL FUNDS

Figures as of close of trading Friday, February 23.

NEW YORK (AP) — The following quotations, supplied by the National Association of Securities Dealers, Inc., are the prices at which these securities could have been sold (Net Asset Value) or bought (value plus sales charge) Friday.

NL — No initial sales load. † — Previous day's quote. r — Redemption charge may apply. x — Ex dividend.

New International Bond Issues

Compiled by Laurence Desvilettes

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
Floating Rate Notes						
New Zealand	DM 500	1995	⅛	100	99.72	Below 6-month Libor. Noncallable. Fees 0.20%. (Commerzbank.)
Collateralized Mortgage Securities Number 3	£200	2030	¼	100	—	Over 3-month Libor for first 10 years, and ½ over thereafter. Average life 6⅛ years. Fees 0.32%. Denominations £10,000. (Warburg Securities.)
Fixed-Coupons						
Indian Oil & Natural Gas Commission	$125	1997	10	101.25	—	Noncallable. Fees 1⅞%. Denominations $10,000. (Nomura Int'l.)
Ireland	$250	2000	9½	99.70	99.25	Noncallable. Fees 0.325%. (Goldman Sachs Int'l.)
Nomura Bank Int'l	$150	1995	9⅝	101⅜	99.75	Noncallable. Fees 1⅞%. (Nomura Securities.)
Turkey	$200	1997	10¾	100.20	97.70	Noncallable. Fees 1⅞%. (Mitsui Finance Int'l.)
British Telecommunications	£83.44	1993	13¾	100¾	—	Noncallable. Fees 1⅞%. (UBS-Phillips & Drew Securities.)
Hydro Quebec	£150	2015	12¾	99.958	—	Noncallable. Fees ⅝%. Denominations £10,000. (Warburg Securities.)
Nord-Est	FF 350	1993	zero	99.80	—	Redemption amount at maturity will be linked to the performance of the CAC-40 stock index. Noncallable. Fees 1⅜%. (Paribas Capital Markets.)
Crediop	ITL 150,000	1995	13¼	101½	99.05	Noncallable. Fees 1⅞%. (Banca Commerciale Italiana.)
Canadian Imperial Bank of Commerce	¥5,000	1991	8.40	101½	—	Noncallable. Redemption amount at maturity will be linked to the performance of the Nikkei 225 stock index. Fees 1⅛%. Denominations 100 million yen. (New Japan Securities Europe.)
Crédit Lyonnais	¥10,000	1993	12	101⅜	—	Noncallable. Redemption amount at maturity will be linked to the performance of the March 1993 Nymex oil contract. Fees 1⅛%. (Nomura Int'l.)
European Investment Bank	¥40,000	2000	6⅝	101¼	—	Noncallable. Fees 1⅝%. (Yamaichi Int'l Europe.)
Société Générale Acceptance	¥10,000	1991	14.36	100½	—	Noncallable. Redemption amount at maturity will be linked to the performance of the Nikkei 225 stock index. Fees ⅝%. Denominations 100 million yen. (Bankers Trust Int'l.)
Toronto Dominion Bank (Cayman Islands)	¥10,000	1991	14.56	100½	—	Noncallable. Redemption amount at maturity will be linked to the performance of the Nikkei 225 stock index. Fees ⅝%. Denominations 100 million yen. (Bankers Trust Int'l.)
Equity-Linked						
DBS Land	$75	1995	1	100	—	Noncallable. Each $5,000 note with 3,900 warrants each exercisable into company's shares at Sing$3.50, a 1.3% premium, and at Sing$1.86 per dollar. Fees 2¼%. (Daiwa Europe.)
Toda Construction	$300	1994	2⅛	100	96.75	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set Feb. 28. (Nikko Securities Europe.)
Yamanouchi Pharmaceutical	$300	1994	2⅛	100	96.50	Coupon indicated at 5%. Noncallable. Each $10,000 note with 2 warrants exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set Feb. 28. (Nikko Securities Europe.)

Junk Bond Woes Hit Top S&L

By Richard W. Stevenson
New York Times Service

LOS ANGELES — In the most striking indication yet of how the woes of the junk bond market have spread to the U.S. savings-and-loan industry, the government has seized the Imperial Savings & Loan Association, one of California's largest savings institutions.

Imperial, which is based in San Diego and is held by Imperial Corp. of America, holds junk bonds with a face value of more than $1.3 billion, making it the industry's second-largest junk bond investor, behind Columbia Savings & Loan Association of Beverly Hills.

Columbia holds more than $4 billion of the securities, which pay a high yield because they are used to finance high-risk ventures.

Imperial and Columbia were two of the largest customers of Drexel Burnham Lambert Inc., and both worked closely with the securities firm's former junk bond chief, Michael R. Milken.

Columbia is expected to show write-downs in the value of its junk bond portfolio of several hundred million dollars in its financial results for the last three months of 1989, although the institution remains solvent.

The government had already seized two other savings institutions with big junk bond investments, Centrust Bank of Miami, which was taken over earlier this month, and City Federal Savings Bank of Somerset, New Jersey, which was taken over in December.

Besides Imperial, regulators took over Mercury Savings & Loan Association of Huntington Beach, California, which has assets of $2.2 billion.

Mercury's troubles stemmed from the failure of the savings and loan's two biggest borrowers to complete hotel-building projects, forcing Mercury to foreclose on the properties and take large losses.

Imperial, which has $9.7 billion in assets, has been battered over the last two years by a series of bad loans and investments in a variety of fields, including its relationship with a fast-growing automobile dealership that went into bankruptcy.

But the deterioration of its junk bond portfolio proved to be its biggest problem.

Under the government's stricter regulations contained in the industry bailout bill signed by President George Bush last August, savings institutions must value junk bond holdings at their market prices rather than at face value, as they had been allowed to do previously.

As junk bond prices declined last fall, Imperial was forced to reduce its portfolio's value by about $200 million through the end of November, wiping out the institution's capital. The government indicated that Imperial had to take further write-downs in December.

The Office of Thrift Supervision, the primary federal regulator, said that Imperial's most basic level of capital had fallen to negative $60.1 million as of Dec. 31.

Drexel Says Its Bonuses Totaled $260 Million

By Kurt Eichenwald
New York Times Service

NEW YORK — Drexel Burnham Lambert Inc. said that it paid its executives $260 million in cash and stock bonuses in the two months before the firm's parent filed for bankruptcy protection.

Previously, senior executives from Drexel had said that the firm had paid as much as $350 million in bonuses since December.

Executives with the firm said the new numbers reflected a fuller accounting.

Drexel said Friday that it had paid $196 million in cash bonuses to its executives in December and January and $64 million in deferred compensation bonuses, which were invested in preferred stock in the firm.

However, the company's creditors, who have been examining Drexel's books, said that they were uncertain about the figures.

They said that numbers of Drexel executives had taken their bonuses in cash and then purchased stock in the company and that it was unclear how the firm was counting those payments.

A Drexel spokesman said that he did not believe many people had done such a transaction and that it would have made little sense for tax reasons.

According to the Drexel statement, the 22 senior managers of the firm, including its chief executive, Frederick H. Joseph, shared in a total of $14.2 million of payments in December and January.

Of the total bonuses, $150 million was paid in December, and $110 million in January.

Separately, former Drexel executives met with lawyers to discuss how to fight the firm's parent company in bankruptcy court.

CS First Boston Reassures Employees on Its Finances

New York Times Service

NEW YORK — CS First Boston Inc. is trying to reassure employees and the financial community following rumors in the bond market that the investment bank was facing troubling exposure to U.S. companies.

In a memo to its employees, the company stated that "the board shares your frustration with the current spate of unfounded rumors and wants to reassure each of you that this firm is in sound financial condition, is well funded and has sufficient back-up credit resources to weather any short-term disruptions caused by fallout from the Drexel bankruptcy."

The memo said that the firm earned $11 million in 1989, after setting aside an undisclosed amount as a cushion for its exposure to Campeau Corp., whose two U.S. retail units have filed for bankruptcy protection.

CS First Boston said it has a total of $935 million in "bridge loans" outstanding.

The firm said the companies were generating enough cash to meet their interest obligations.

Idaho Next Site In Court Battle Over Farmers Bid

Reuters

LOS ANGELES — The running courtroom battle that will decide the fate of BAT Industries PLC's Farmers Group unit moves Monday from Los Angeles to Boise when Idaho becomes the third state to review Axa Midi Assurances' $4.5 billion bid for Farmers.

The French company's proposed acquisition of Farmers Insurance, a precondition to a renewed bid for BAT by an investment group led by Sir James Goldsmith, must be approved by the nine states in which Farmers writes insurance.

U.S. Panels to Investigate Causes of Drexel Collapse

The Associated Press

WASHINGTON — Two congressional panels plan to look into the circumstances surrounding the collapse of the parent of the Wall Street investment bank Drexel Burnham Lambert Inc.

The Senate Banking, Housing and Urban Affairs Committee scheduled a hearing next Friday into the downfall of Drexel, whose parent company filed for bankruptcy court protection from its creditors in New York this month.

Among the scheduled witnesses are the chairman of the Securities and Exchange Commission, Richard C. Breeden, in what would be his first public comment on the matter.

In addition, Representative John D. Dingell, chairman of the House Energy and Commerce Committee, has asked the commission to supply all the information it has on bonuses Drexel paid to employees in the months preceding its Feb. 13 bankruptcy filing.

Drexel's parent company was forced to seek protection from its creditors after it defaulted on $100 million in loans and lenders refused to grant new financing. Drexel said Friday that it had paid $260 million in cash and stock bonuses to top executives in December and January.

EURO: *Tokyo's Fallout*

(Continued from first finance page)

exchange markets will provide a window of opportunity for the Dutch and the French to pursue their own monetary policies," said Kit Juckes, an economist at Warburg Securities in London.

Against the backdrop of such change and uncertainty in Japan and West Germany, the relatively stable outlook for dollar bonds proved appealing to a number of sovereign borrowers last week.

The Republic of Ireland launched its first fixed-rate dollar bond in more than two years. Led by Goldman Sachs International, the issue comprised $250 million of 10-year bonds priced at 99.70 with a coupon of 9½ percent. The pricing was 80 basis points above U.S. Treasury yields — a spread which held steady throughout the week.

The evolution of underwriting practices in the Eurobond market will take a step forward this week when J.P. Morgan Securities launches a 5-year Eurobond worth between $500 million and $1 billion through a telephone auction.

Morgan said that the auction, scheduled for Thursday, is an attempt to improve the fairness of new-issue pricing. The auction system will offer "a straightforward and transparent pricing mechanism which allocates bonds to those managers with the greatest end-investor demand," Morgan said.

U.S. Bonds Slip in Volatile Trading

Compiled by Our Staff From Dispatches

NEW YORK — Prices of U.S. Treasury securities declined last week in trading punctuated by bouts of volatility sparked by sharp falls in Japanese stock prices.

The market fell steeply early in the week on concerns that international interest rates were on the rise.

U.S. CREDIT MARKETS

Some of the losses were recouped, however, after successful auctions of $10 billion in two-year notes and $8 billion in five-year notes.

Dealers said that the uncertainty created by the sharp Japanese stock-market declines Wednesday and Friday also caused some investors to seek out the safety of the U.S. government bond market.

The benchmark 30-year bond, the 8½ percent issue of 2020, closed at 99 11/32 for a yield of 8.56 percent, down from 100 12/32 to yield 8.46 percent a week earlier. That represented a loss for the week of nearly 1 point, or $10 for each $1,000 face value.

Dealers said a continued unsettled international economic climate and assertions from Alan Greenspan, the Federal Reserve Board chairman, that inflation is a prime concern now that the U.S. economy has bottomed out, left many analysts with a less than bullish sentiment on Treasuries.

"I still have a very negative bias toward the bond market," said Charles Lieberman, director of financial-markets research at Manufacturers Hanover Corp. Mr. Lieberman argued that the economy continues to show enough vigor to persuade the Fed not to let short-term interest rates fall.

"I think for at least the next six months we're looking at higher yields and weak bond prices," Mr. Lieberman said.

But David Hale, chief economist for Kemper Financial Services in Chicago, was more optimistic. "I think the bond market has seen the worst," he said, while "the foreign shocks have been pretty well absorbed."

Mr. Hale said the U.S. economy is more sluggish than Mr. Greenspan indicated in his remarks to Congress. The "very dull environment," Mr. Hale said, "leaves no room for higher interest rates."

Mr. Greenspan told Congress that "available indicators of near-term economic performance suggest the weakest point may have passed." He added that "one can infer the beginnings of a modest firming in economic activity."

One bearish prospect, Mr. Hale said, is that the reunification of Germany and the reconstruction of East European economies could pose "the danger and problem of having lots of capital demand all over the world." Expectations of a credit squeeze helped drive up global interest rates last week.

Events in West Germany also contributed the market's volatility last week, analysts said.

William V. Sullivan Jr., senior vice president at Dean Witter Reynolds, noted that the 30-year bond fell sharply last week after news reports said that West Germany was planning a one-for-one exchange for East German marks to achieve monetary union.

Such a move, he said, would be "sure to create a burst of inflation in West Germany that would quickly lead to much higher interest rates there." Bonn later denied that such a decision had been made.

One Treasury securities dealer likened last week's U.S. bond market action to "a football being kicked between players in Japan and West Germany with us as spectators."

Elsewhere in the market last week, three-year Treasury notes closed at 99 26/32 to yield 8.45 percent, down from 100 3/32 and 8.31 percent one week before. Two-year notes closed at 100 5/32 to yield 8.41 percent against 100 and 8.50 percent at auction.

Shearson Lehman Hutton Inc.'s index of long-term Treasury bonds was down 10.79 points for the week, or 0.83 percent, to close at 1,284.33.

The Federal funds rate closed at 8.25 percent, the current perceived Fed target rate. The Fed funds rate is what banks charge each other for overnight loans and is a building-block interest rate. (UPI, NYT)

GERMAN: *Small Firms Go East*

(Continued from first finance page)

well as a disproportionate share of on-the-job training for experienced workers.

"The Mittelstand could create jobs in East Germany in much the same way that it does in West Germany and could absorb many of the East Germans who may be losing jobs when the big conglomerates break up," said Marcus Lübbering, an economist with Deutsche Bank AG.

It is ironic that some sections of East Germany were themselves bastions of the Mittelstand before the war. Economic and political life in many areas of Saxony, in particular, were dominated by a flourishing culture of small technology and handicraft firms.

But the East German government, in a series of campaigns, most recently in 1971, systematically drove such businesses to the brink with various tax and industrial-policy measures.

By 1988, only 182,000 people remained self-employed in East Germany, down from 258,000 in 1971 and 2.3 million in 1946, according to the German Economic Institute in Cologne. This means that currently only one in every 50 East German workers is self-employed compared to one in eight in West Germany.

"It was when the smaller firms began to be dismantled that the economic decline of East Germany began," Mr. Haussmann, the economics minister, said recently.

At the moment, West German businessmen seem highly interested in the East German market. Aside from the romance of reunification, a shared cultural and linguistic heritage gives West Germans an advantage in getting a first foot in the door of East Germany, the most developed of the opening Eastern markets.

A survey at the beginning of the year by Federal Association of German Employers showed nearly a quarter of West German companies interested in joint ventures in East Germany.

Smaller West German companies may not have trouble finding potential partners across the border. Late last month, more than 10,000 people employed in small operations, including beauticians, builders and repairmen, demonstrated in a rally in East Berlin to denounce the effect of communist policies on craftsmanship.

Such small businesses often suffered in the East German economy, where immense conglomerates, distrustful of each other and the rest of the economy as outside suppliers, tried to become as self-sufficient as possible.

"They became islands with very narrow bridges to the outside world and had everything from their own repair shops to their own kindergartens," said Mr. Schmidt of IKB Bank.

The major obstacle for smaller West German companies interested in East Germany is financing and investment guarantees.

"They don't have the deep pockets of the big companies and they have to achieve a certain turnover to cover their costs reasonably quickly," said one Munich economist.

The government seems aware of the problem and Mr. Haussmann, a member of the Free Democratic Party — which has always claimed to be the political home of the West German Mittelstand — has said a number of times that financing will be made available to smaller companies.

The Kreditanstalt für Wiederaufbau, a West German government unit that once was the major vehicle for Marshall Plan aid to the West German economy, recently announced that it will make 6 billion Deutsche marks ($3.57 billion) in loans available to East German small companies over the next three years.

A number of banks are working on loan programs for small businesses, but spokesmen note that money can only really begin to flow after the March 18 elections, when a new East German government sets tax and investment policies.

In the meantime, matchmakers between West German investors and East German fledgling entrepreneurs are already at work.

Latin States Seek 75% Cut in Debt

Reuters

CARACAS — Latin American countries have agreed to propose a common strategy to reduce the $434 billion in foreign debt owed by the region by 75 percent.

The Latin American Economic System said Saturday that ministers from the group's 26 member nations would meet on June 21 and 22 to formally approve the proposal.

The proposal calls for a 75 percent reduction in resource transfers from debtor to creditor nations to free funds for economic growth, by reducing the nominal value of debt principal and imposing a ceiling on interest rates.

Carlos Perez del Castillo, the group's permanent secretary, said a regional strategy is being proposed because individual negotiations involving each country had not made sufficient progress.

Mr. Perez del Castillo said many Latin American nations could declare a moratorium on debt payments this year if they fail to reach agreements with creditors to reduce their debt.

As part of the three-day preparatory meeting ended Friday, representatives from the group also met with debt negotiators from Costa Rica, Mexico, the Philippines, Uruguay and Venezuela to discuss debt strategies.

■ World Bank Sets Loan

The World Bank has approved a standby credit worth $1 billion directly to Argentina's 22 provincial governments, Agence France-Presse reported from Buenos Aires.

The first instalment of $300 million may be extended in October, a spokesman for the Argentine Ministry of the Economy said.

The loan marks the first time an international financial institution has extended a credit to local governments with no prior intervention by the central administration, the spokesman said.

Euromarts At a Glance

Eurobond Yields

	Feb. 21	Feb. 14
U.S. $, 8 yrs & over	9.27	9.23
U.S. $, 5 to 7 yrs	9.23	9.26
U.S. $, less than 5 yrs	8.76	8.60
Pounds sterling, less than 5 yrs	14.15	13.60
French francs, less than 5 yrs	11.48	11.40
Ital. lira, less than 5 yrs	12.52	12.39
Danish kroner, less than 5 yrs	12.29	11.76
ECU, 8 yrs & over	10.84	10.49
ECU, 5 to 7 yrs	10.96	10.48
Can. $, less than 5 yrs	12.62	11.99
Aus. $, less than 5 yrs	15.47	15.31
N.Z. $, less than 5 yrs	13.54	13.24
Yen, 5 to 7 yrs	6.96	6.88
Yen, less than 5 yrs	6.79	6.75

Source: Luxembourg Stock Exchange.

Weekly Sales Feb. 23

Primary Market

	Cedel $	Cedel Non$	Euroclear $	Euroclear Non$
Straights	33.60	509.10	571.40	519.50
Convert.	—	48.80	—	—
FRNs	—	283.90	181.00	347.60
ECP	3,494.40	421.90	7,457.90	1,383.10
Total	3,528.00	1,463.70	8,330.30	2,258.20

Secondary Market

	Cedel $	Cedel Non$	Euroclear $	Euroclear Non$
Straights	4,100.70	12,377.20	12,917.10	13,615.50
Convert.	130.90	533.80	551.80	294.50
FRNs	1,044.80	2,419.00	4,256.90	5,293.60
ECP	2,968.90	1,478.60	2,852.10	3,509.50
Total	8,245.30	17,200.40	20,477.90	22,713.10

Source: Euroclear, Cedel.

Libor Rates Feb. 23

	1-month	3-month	6-month
U.S. $	8 5/16	8⅜	8 7/16
Deutsche mark	8 1/16	8½	8⅝
Pound sterling	15 1/16	15⅛	15 3/16
French franc	10⅝	10 15/16	11⅛
ECU	10 13/16	11 3/16	11 9/16
Yen	8 5/16	8⅜	8 7/16

Source: Morgan Guaranty, Lloyds Bank, Reuters.

U.S. Treasury Bonds Feb. 23

Maturity	Close Bid	Close Ask	Yield	Wk-ago yield
29.02.92	100 7/32	100 9/32	8.41	8.33
15.02.93	99 26/32	99 28/32	8.45	8.33
31.12.93	97 5/32	97 7/32	8.50	8.37
15.05.95	100 4/32	100 6/32	8.45	8.38
15.01.97	97 4/32	97 6/32	8.56	8.43
15.02.00	99 24/32	99 26/32	8.54	8.42
15.02.06	105 26/32	106 2/32	8.68	8.59
15.02.20	99 10/32	99 12/32	8.56	8.47

Source: Salomon Inc.

U.S. Consumer Rates Feb. 23

Tax Exempt Bonds: Bond Buyer 20-Bond Index	7.42%
Money Market Funds: Donoghue's 7-Day Average	7.65%
Bank Money Market Accounts: Bank Rate Monitor Index	6.10%
Home Mortgage, FHLB average	10.31%

Source: New York Times.

AMERICAN EXCHANGE OPTIONS

Figures as of close of trading Friday, February 23.

Option & price		Calls Mar	Calls Apr	Puts Mar	Puts Apr
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Total volume 166,255
Open interest 2,208,560
r—Not traded. s—None offered. o—Old.

CHICAGO EXCHANGE OPTIONS

Figures as of close of trading Friday, February 23.

Option & price		Calls Mar	Calls Apr	Puts Mar	Puts Apr
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Total volume 473,132
Open interest 3,968,494
r—Not traded. s—None offered. o—Old.

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, February 23.

A

Stock	Div	Yld	Sales in 100s	High	Low	Close	Net Ch'ge
A&W Bd			4349	29¾	28½	29	— ⅜
ABS s	.32	4.6	51	7	6½	7	+ ½
ACC Co	.16	1.9	262	9⅜	8½	9	— ⅜
ADC			1647	21⅞	19⅝	21½	+ ⅞
ADT			14034	32¾	31¾	31¾	— ⅜
AEL			535	6	5½	5½	— ¼
AEP s			351	16	15¼	15¾	— ¼
ALC h			2441	1	⅞	⅞	
ASK			1221	9⅛	8⅜	8⅝	— ¼
AST			4998	15	13⅞	14¾	— ⅜
AamRt	.10	1.1	104	9½	9⅜	9⅜	
AbingB	.16	2.9	203	6	5½	5½	— ½
AbeLinc			64	7¾	7	7	— ¾
Abrams s	.20	3.8	6	5¼	5⅛	5¼	+ ⅛
Acadin			1262	1⅝			— ⅛
Accel	†		75	7¾	7¼	7¼	— ½
Aceptin			272	21⅞	21¼	21⅞	— ¼
Aclaim s			2265	6½	5⅞	6½	+ ½
Acl wtB			908	1⅛		1⅛	+ ¼
Acsto	.14b	1.0	2	14¼	14	14	— ⅛
ACMT			7	12	12	12	
AcmeSt			820	14¾	13¾	14¾	+ ⅜
ActARt	†		1100	6⅞	6½	6½	
ActnSv	.32b	6.1	1124	7½	4¾	5¼	—2¼
ActAuS			642	3⅞	2½	2¾	—1⅛
Acxiom			329	22	21¼	21½	— ½
AdacLb	.16	6.4	8558	2¾	2⅜	2½	— ⅛
Adage			789	7⅛	7	7⅛	
Adapt			4441	19½	18	18⅞	— ½
Adingt s			2518	16¼	15¾	16	—1
AdiaSv	.14	.6	218	24¼	23¼	23½	— ⅜
AdobeS	.20e	.7	15103	28⅞	26⅜	28	— ⅜
Adtec			968	2⅛	1⅝	2⅛	— ⅜
AdvCir s			1507	7¼	7	7¼	— ⅜
AdvRos			112	9⅞	9¼	9⅜	— ⅜
AdvMag			27	13½	12¾	13	
AdMkSv			984	6¼	5⅜	5¾	— ½
AdvPoly			788	6½	5¾	6⅛	+ ½
AdvSem			369	5⅝	5⅜	5½	— ⅛
AdvTel			881	14	12¾	13¾	+ ½
Advanta	.13e	1.6	1871	8⅝	8⅜	8⅜	— ⅛
AdvoSy			2683	9⅜	8⅝	9⅛	— ½
Aequtrn			1355	2½	1¾	2¼	+ ⅝
Aegon	1.39e	2.5	107	56⅞	55	55½	—1¼
AerSysl			288	1	⅞	⅞	— ⅛
AflBcCp	.32	7.3	187	4½	4¼	4⅜	— ⅛
AflBsh			529	11⅛	10⅞	11⅛	— ½
AgncyR	†		9020	13⅜	11⅞	12½	+ ½
Agnico g	.20	2.1	660	10¼	9⅜	9⅜	— ⅜
Agourn			221	9⅝	9⅜	9½	— ⅛
AirMd			758	3¾	3⅜	3¾	+ ⅛
AirWisc	†		323	9⅝	8⅞	9½	— ⅛
Airtran	.16	2.2	525	7⅜	6⅞	7⅛	— ⅛
Akorn	.07e	4.1	96	1	1½	1	
Alco	1.46a	4.8	2285	31¼	30¼	30¾	—1¼
AlcmBc	.40a	2.4	51	25	24	25	
Alaten	1.10	10.2	156	11½	10¾	10¾	— ¾
Aldus			6473	20¾	19½	20¼	— ⅛
AlexBr	.22	2.1	1548	10½	9⅞	10⅜	— ⅛
AlexBld	.80	2.6	4448	33¼	30⅝	30½	—2⅛
AlfaCp	.36	3.5	104	10¼	9¾	10¼	— ⅛
Alico	.20	.7	71	29½	28¼	29	+ ½
AllAm s			253	1⅝	1⅜	1⅜	— ¼
AllCity			16	5¾	5⅝	5⅝	
AlegW			1275	8⅞	8	8⅞	+ ⅝
AlnOrg	.40a	1.2	5	34	34½	34½	— ½
AllonPh			798	9½	8¼	9	— ½
AlnPh wt			45	1¼	1	1½	+ ⅛
Allant			1877	7⅜	6⅜	6⅞	—1
AlldBk	.30	4.2	37	8¼	7⅛	7⅛	— ⅛
AlldCap	1.15e	6.3	191	18¼	17¾	18¼	
AldCall	.16e	1.1	901	15⅛	14¾	15	— ¼
AlldGp	.44	3.5	10	12¾	12½	12¾	+ ¾
AlldRsh			260	2¼	2⅛	2⅛	
AloyCpt			351	1⅞	1⅝	1⅝	
AltslFn			207	8¼	7½	7½	— ¾
Allwst s			6566	9½	9	9¼	— ⅛
Aloette	.32	2.1	790	16	14	15½	+ ⅝
Alpharl			1098	⅜	⅛	¼	— ⅛
AlpMic			151	4	3¾	4	+ ⅛
AltaGld	.06e	1.1	4795	6	5	5⅝	— ⅝
Altal			1	3	3	3	
Altera			3053	8⅞	8⅜	8⅜	— ⅜
Altus			750	1½	1	1	— ¼
Altos			1405	5⅝	5	5⅛	— ⅛
Altron			552	5⅞	5	5	
AmcorF	.50	3.2	111	15¾	15½	15½	
Amrion	.40	3.3	26	12½	12	12	— ½
Amerbc	.22	3.7	600	6¼	5¾	6	— ¼
AFFMf2	2.54e	20.8	425	8⅜	8¼	8¼	— ⅛
AFFF	1.50	7.8	2247	7¼	18½	19¼	+ ½
AmFPr	1.30	10.4	406	13½	11¾	12½	—1
AFTxE	1.3C	11.1	489	x9⅜	9	9	— ⅜
AFTxE2	1.23	13.5	3464	10¼	9½	9½	—2
AWAirl			3593	9⅛	8⅜	8½	
AmBcp	1.15e	5.2	12	26	22	22	
ABnkr	.50	4.8	926	10⅞	10⅜	10⅜	— ⅛
AmCaR			744	7¼	7	7	— ⅛
AmCity			32	17	16¼	16⅝	— ⅛
ACoIoid	.44	4.1	2	11¼	10¾	10¾	— ⅛
AConsu			3	7	7	7	+ ⅛
AmEcol			35	5¼	4¾	5¼	+ ¼
AFSvDu			70	5¾	5	5¼	— ¼
AFltrn	.36	3.5	47	24½	23	24¼	+ ¼
AGreet	.66	2.2	4023	32	30⅜	30⅜	—1¼
AHltSv			646	2¾	2¼	2⅝	— ⅛
AIndF	.56	7.7	33	7¼	7	7¼	+ ⅛
AmIntg			8017	7⅝	6½	6⅞	—1¼
AmLck			26	5¼	5¼	5¼	
AMagnt			168	5⅝	5	5	— ¼
AMS			862	11⅞	11	11½	— ⅛
AMedE			83	6¼	6	6½	
AMidl			53				— ½
ANtIns	1.60	4.7	1063	34	33½	34	+ ⅛
ANucIC			60	⅞			
AmNurs			545	2⅝	2⅛	2½	+ ⅜
AmPec			136	10⅝	10	10⅜	— ⅛
APhyG			79	2	1⅝	2	
AmPlan			1	1	1	1	— ½
APwC s			1029	22⅝	18⅞	19¼	—3
ARelian	.72	2.8	65	11¼	10⅞	11¼	+1
AmRice			322	1⅞	1	1½	
ASoft s	.32	1.7	2497	23	19⅞	19⅞	— ⅛
AmStl			108	6⅝	6	6½	
ATvCm			3131	37⅜	34¼	34¾	—3⅛
AmTrav			919	17¼	15	16¼	+ ⅝
Avang	.09r	.9	19	9⅞	9	9½	+ ⅛
AWstCp	.12r	.9	465	11½	11	11¼	+ ⅛
AWood			39	6⅞	6⅛	6¼	+ ¼
AmFlBk			3242	3⅞	3¼	3¾	+ ⅛
Ameritr	1.22	6.1	2977	21⅛	20	20⅛	— ⅝
Amgen			11254	57⅛	54¼	55⅜	— ⅜
Amistar			3	1½	1½	1½	
AmstBk			1617	4⅞	4⅛	4¾	— ⅛
Amsken	.60c	2.3	21	26	24½	26	
Amelor			1029	9	8⅝	8¾	—1
Amserv			642	6	5⅝	5⅝	
AmtcCo			1029	19	17½	17½	—1½
Amvst s	.20	5.5	3425	3⅞	3½	3⅝	+ ⅛
Anlogic			361	9¾	9⅛	9⅜	— ⅜
AnalyTc	.15	1.3	261	12	11	11⅛	— ⅝
Analy s	.48	2.5	195	16¾	15½	15⅞	— ⅛
Anangel	1.60e	12.8	544	15	14½	14⅞	— ⅛
Anaren			1100	1⅜	1⅛	1⅛	— ⅛
AnchSv			102	3	2¾	2¾	— ⅛
AndrGr			22	9	8½	9	
AndvBc	.80	8.6	427	9½	9¼	9¼	
Andrew			847	23¼	21½	21½	—2
Andros			1072	8½	7¼	8¼	+ ½
ApogEn	.22	1.3	802	15¾	14⅞	15¾	+ ½
AppleC	.44	1.3	57524	34½	32⅞	33¾	— ¼
Aplebee			4836	13⅛	11⅛	12⅝	— ⅜
ABiosci			355	31½	30	30	—1
ApldBio			4552	14¾	13¾	14¼	— ¼
ApldMt			578	25	23⅞	24	— ⅛
ApldP s	.12	.5	586	23¼	22½	23¼	+ ¼
ApldSlr			85	5½	4¾	4¾	— ⅛
ArabSh			21	2	1⅝	2	+ ⅛
Archive			1666	8	7⅛	7¾	— ¼
Arbor s	.16	.8	1095	20	19	19¾	+ ⅝
Arden			286	57	50½	57	—2½
ArgoGp	1.60	2.4	600	67¾	66¼	67¼	+ ⅛
Aritch			71	12¼	11⅞	11⅞	— ⅛
ARIX			1023	2⅝	2	2⅛	— ⅛
ArizInst			266	4¼	3⅞	4⅛	
ArkaFt			25	15¾	15	15½	— ⅛
Armor	.64	3.7	771	18¼	17	17½	— ⅜
Arnold	1.00	3.1	75	32¾	31	31¾	— ⅛
ArowBk	.68	4.0	52	17	16⅛	17	+ ⅛
Artel			650	7⅝	7⅛	7⅜	— ⅛
ArtWay	.40	4.3	6	9½	9½	9½	— ⅛
Ashton			9374	11⅞	10⅝	10⅞	— ⅝
Aslamr	†		1115	9⅜	9	9⅛	— ⅛
AspenR			1123	7⅛	6⅞	7	
Assix			1206	9⅛	8¼	8¾	— ⅜
Assix wt			494	3⅝	2⅞	3	— ⅜
AsdBnc	.72	3.2	293	22¾	22	22½	+ ⅛
AsdCmA			509	32	28¼	28½	—3¼
AsdCmB			341	31¼	28½	28¾	—3⅜
Astec			151	7¼	6¼	6½	— ⅛
AstrM s			98	9½	8½	8½	— ⅞
Astrcm			259	1⅝	⅞	1⅝	+ ⅛
Astron			28	1	⅞	1	
Astrosy			280	3	2⅞	2⅞	— ⅛
Atek			86	3⅞	3⅝	3⅞	
Athey	.10r	1.0	9	10	9¾	9¾	— ¼
AtlcaF	.20	2.7	54	8¼	7½	7½	—1⅛
Atkinsn	.48	3.2	263	15	14½	15	
AtlntA	.40	3.1	26	13	12	13	+1
AtlAm			196	2⅛	1⅞	2	— ⅛
AtlSeAr	.40	2.4	2081	16⅛	14¾	15⅝	— ⅛
Atwood	.72e	2.1	399	35½	34½	34½	—1
AtwdOc			850	20⅜	20	20	— ¼
AutTrT			113	3¼	3¼	3¼	
Autoclv	.20b	1.6	54	13⅛	12⅝	12¾	— ⅛
Autodk	1.60e	3.7	12926	46¼	41½	43⅝	— ⅛
Autodie			10	11⅛	11½	11½	
AutoInf			3071	5	4⅝	4¾	— ⅛
AutoSy			25	2⅛	2	2	— ⅛
AutoCp			35	8	7¼	8	+ ¾
Avntek			6561	2½	2	2½	— ⅜
Avatar			41	22½	22	22¼	— ⅛
Avndle	.92	10.1	1407	10⅛	9	9⅛	— ⅞
Aztar			11216	5⅝	4⅞	5¼	+ ⅛
AztcM	.10	1.8	938	6	4⅝	5⅝	+ ⅝

B

Stock	Div	Yld	Sales in 100s	High	Low	Close	Net Ch'ge
BB&T s	.80	4.4	1116	19¼	17¾	18¼	—1
BH Bulk	2.16e	43.2	189	5⅜	5	5	— ⅛
BEI El	.06e	.9	1912	7⅛	6⅝	6⅝	— ⅛
BEI			65	2⅝	2½	2⅝	+ ⅛
BFS NY			181	10½	9⅞	9⅞	— ⅛
BGS	.40a	2.9	55	14½	13⅝	13¾	— ⅜
BHA s			260	17½	16	16	—1¼
BHA B s			244	17	16	17	+ ½
BKLA	†		13	8¾	8	8¾	— ⅛
BMA	1.20	3.2	1120	38⅞	36⅞	37¼	—1⅛
BMC Sft			4349	30¾	29⅝	30¼	
BMJ	.60	4.4	8	14¼	13⅝	13⅝	— ⅜
BMR Fn			608	7⅝	7⅛	7⅜	— ⅛
BNH	.24	3.7	113	6½	6½	6½	
BSB Bcp	.60	3.3	429	19	17½	18¼	
BT Fin	.80	5.2	14	15½	14¾	15¼	— ¼
BT Shp			296	14	13½	13⅞	
BTR	.08	1.3	115	6⅛	5⅝	6	+ ⅛
BTU Int			795	4⅜	3⅜	3⅜	— ⅝
Babage			727	5⅜	4⅝	4⅞	— ⅛
Badger	.48a	2.5	85	21½	19½	19½	—1½
Bailey			3	1¼	1¼	1¼	— ⅛
BakerJ	.06	.4	3065	14⅞	13⅞	13⅞	— ⅛
Balchm	.03	.8	17	4¼	4	4	+ ⅛
BldLvB	.30	1.5	1298	20½	20	20⅛	+ ⅛
BaldPlo			839	6¾	6¼	6¼	—1
Balard	.10	.5	618	21	20½	20½	— ⅛
Baltek	.15	2.0	99	8	7½	7½	— ⅛
BncPnc	1.60	3.4	315	47	46¼	46⅝	+ ⅜
BnPop s	.80	4.2	309	19½	19	19¼	— ⅛
BcpHw s	1.56	3.0	1157	54	50¼	52¼	—1¼
BcMiss	.84	3.9	62	21¾	20¾	21¾	+1½
BcpNJ	.40	3.8	520	10¾	10	10½	— ⅛
Banctec			1866	18⅞	17½	18⅛	
BandoM	.88	10.1	142	9	8¼	8¾	+ ½
BangH	1.24	7.6	89	16¼	15⅞	16¼	
BankAll			4	6	6	6	
BkGrn s	.40	1.8	56	23	22	22	—1
BnkNH	.92	6.8	32	14¼	13¼	13½	— ½
BkSou	.48	4.4	720	11⅛	10¾	11	— ⅛
Bnkest			1217	2⅜	1⅞	2	+ ⅛
BnkFst	.28	4.5	101	6¾	6¼	6¼	— ⅛
BkrNte			339	2⅞	2½	2½	
Bknth	1.08	6.6	34	17	16¼	16¼	— ⅛
BkIowa	1.00	1.3	61	77	73	75	
BkMAm			203	11⅛	10⅞	11⅛	— ⅛
BkWorc	.251		8115	18¼	17¼	17½	— ⅛
Banta	.56	2.5	360	22¾	22	22¼	— ⅛
Barden	1.00b	2.8	40	36½	34½	36	+1
BaretRs			68	6⅞	6⅜	6½	+ ⅛
BaryJw			50	9⅞	8½	8½	—1⅛
BsTnA			2048	2⅞	2⅜	2⅞	+ ⅜
BasAm			122	3¾	3⅜	3½	+ ⅛
BasPtr s			112	10	9⅜	9½	— ⅛
BsetF	1.00a	2.9	163	35	34½	34½	
BayVw	.30e	1.7	602	18⅝	17½	18	— ⅜
BayBks	1.50	7.5	2453	26	24	24	—2
BeauC s	.15l	1.0	383	15¾	14¾	15¼	— ⅛
BeautL			505	2⅝	2⅜	2⅜	
Beebas	.20	1.8	71	11	10⅝	10⅞	+ ⅛
BelFuse			23	4	3⅝	3⅝	— ¼
BellW			123	4½	3⅜	4	+ ¼
BellSv			604	5½	3½	4	—1⅜
Belmrl			333	⅝	½	⅝	+ ⅛
BenJer			221	14	13⅛	13½	— ⅛
Benhan			273	2⅞	2⅜	2⅜	
BenlSv			488	3	2⅜	2½	— ⅜
Berkley	.40	1.1	561	36⅛	35	36	— ⅜
BerkGs	1.28	8.0	74	17	15½	16	
BethlBc	.57e	5.1	10	11¼	11⅛	11⅛	— ⅛
BetzLb	1.88	3.3	1278	58	57	57½	— ⅛
Big B	.16	1.2	114	13⅛	12⅜	12⅞	— ⅛
BigOTr			579	1⅛	1	1	
Bindly			712	10⅝	9⅞	10⅛	+ ⅛
BinsKg			9	2⅛	2⅛	2⅛	— ⅛
Biogn wt			114	7⅛	6⅛	6¾	—1
BioLog			15	4⅞	3⅝	4⅛	
BioMedc			3042	13⅜	11½	12⅝	+ ⅞
Biogen			4004	15⅝	14¼	14⅞	— ⅛
Biogn pf	2.12	7.4	267	29¼	28⅛	28¾	— ⅛
Biomet s			22406	21⅞	19¾	20½	—1
Biosph			66	5¼	5	5	— ½
BiolcR			572	3⅞	3¼	3⅞	— ⅛

(Continued on next page)

Honeywell Plan Yields Results

Restructuring May Boost Profit By $150 Million

Reuters

CHICAGO — A restructuring begun six months ago by Honeywell Inc. is starting to pay off, paving the way for the Minneapolis-based maker of electronic controls to reach its goal of increasing its operating profit by $150 million in 1990, according to analysts.

"Profit margins are clearly better and cash flow is very strong," said Edward Wheeler, an analyst at County NatWest USA. "The results are already showing up."

The company's fourth-quarter earnings, released last week, provided the clearest evidence to date of Honeywell's progress, analysts said.

Honeywell reported fourth-quarter net income of $392 million, compared with a loss of $482.8 million a year earlier. For 1989, Honeywell earned $604.1 million, compared with a loss of 434.9 million in 1988.

"They were quite encouraging and above my expectations," said George Podrasky, an analyst at Duff & Phelps Inc. "The restructuring changes have taken hold and are paying off."

As a result, analysts project the company will report operating earnings this year of between $8.00 and $8.75 a share, up from $5.58 in 1989.

The earnings also heartened investors, whose confidence in Honeywell had been shattered by a string of negative surprises in 1988 that included news of problems with military contracts and large write-offs, analysts said.

Honeywell, under pressure from discontented shareholders and recurring takeover speculation, unveiled a plan intended to enhance shareholder value in July.

Under the program, Honeywell set out to sell its stake in its Yamatake-Honeywell joint venture, decrease its dependence on the defense industry and boost operating profit $150 million by the end of 1990 through cost cuts.

The company also announced plans to buy back 10 million shares and raise its dividend.

Honeywell will sell the remaining 2.3 percent of its original 50 percent joint-venture stake in March and is proceeding with plans to sell its marine and defense businesses.

The changes position Honeywell to achieve above-average returns from its core businesses, which include building and industrial controls and avionics, Mr. Wheeler said.

"These are very solid businesses," added Mr. Podrasky of Duff & Phelps. "They are well positioned in their markets."

Honeywell has also decreased its dependence on military contracts now about 13 percent of sales, down from 29 percent in 1988, Mr. Podrasky said.

Rubbermaid in Nordic Venture

Reuters

BREDA, Netherlands — Curver Rubbermaid Group of the Netherlands and Sweden's Plast-Teknik AB have agreed to set up a joint venture to market plastic houseware products in the Nordic countries, the companies announced Sunday.

The Dutch firm will have a 40 percent stake and the Swedes, 60 percent. The venture, due to start up in mid-1990, will be formed by merging the marketing activities of the two companies in Sweden, Finland and Norway, they said.

Bulgaria Seeks Membership In the IMF and World Bank

Compiled by Our Staff From Dispatches

WASHINGTON — Joining a growing number of Eastern European countries, Bulgaria has applied for membership in the International Monetary Fund and World Bank, the two lending agencies said.

The move comes as Bulgaria's reformist leaders have given private farmers more freedom and are considering selling shops and some restaurants to private owners in hopes of revitalizing the economy.

The new Communist leaders have been grappling with some $10 billion in foreign debt and widespread food shortages.

Under IMF rules, Bulgaria would have to make economic data available to the agency so that its ranking — and thus the amount of money it could borrow — could be determined.

Processing the application could take as long as a year, officials said.

A loan from the fund is considered a high credit rating for a government. It encourages other lenders to put up money, since the fund requires strict conditions.

Poland, Hungary, Romania and Yugoslavia are already members. Czechoslovakia has applied and East Germany has expressed interest and held informal talks.

(Reuters, AP)

Seoul Stocks Plunge to Year's Nadir

Agence France-Presse

SEOUL — Stock prices in South Korea plunged at the weekend, sending the market index to its lowest level this year and raising fears among investors of a lasting bearish trend.

The index dipped to its lowest level in two years before closing Saturday at 845 points, the lowest close in 1990 and down more than 7 percent in value from the start of the year's trading.

Turnover was 5.6 million shares, about a third of the usual volume.

Market analysts said that the plunge was due to slow exports, rising real estate prices — which drain liquidity away from the market — and a glut of shares on the market following steps by the government to encourage new issues last year.

Since September, the government has announced a series of measures aimed at boosting the sluggish market, but these have ended up by providing large investors, including business conglomerates, with the chance to bail out.

Some large investors are also seeking to leave the market before the implementation of real-name transactions, due in a few years. The real-name transaction system would impose heavier taxes on market earnings.

Analysts said that the current downward trend in overseas stock markets had also contributed to the sluggishness in Seoul, which is to be opened to direct foreign investment within the next few years.

■ **Pohang in Malaysia**

A Malaysian official said that South Korea's Pohang Iron & Steel Co. plans to start a three billion ringgit ($1.11 billion) iron-processing plant in Johore state, Reuters reported from Kuala Lumpur.

WORLD STOCKS IN REVIEW

Via Agence France-Presse

Amsterdam

Investors lost confidence in the outlook for Dutch companies, brokers said. Even a 34 percent rise in the 1989 net profit of Royal Dutch-/Shell Group failed to underpin sentiment, and the market lost more than 4 percent.

The CBS all-share index closed Friday at 185.80, down from 194.3 the previous Friday. Over the last six months, the Amsterdam market has lost 13 percent.

Turnover was 7.6 billion guilders, of which three billion was equities. The previous week's total was 8.5 billion guilders, with 2.9 billion in equities.

The Kempen & Co. brokerage said that as a further weakening of the Japanese and U.S. markets cannot be ruled out, a turnaround in Amsterdam is unlikely.

Frankfurt

The market took a hammering last week, pulled down by high interest rates and falls in Tokyo and Wall Street. The DAX index ended 104.02 points down from the previous Friday's close, at 1,789.64, while the Commerzbank index lost 116.2 points to 2,192.

The market barely had time to recover from bond-market troubles two weeks ago when interest-rate fears and turmoil in Tokyo and Wall Street rocked it again.

Turnover on the eight West German markets fell to 43.7 billion Deutsche marks, from 47.04 billion DM the previous week.

Blue chips, hitherto favored by foreign investors, were the biggest losers, with automakers particularly badly hit. BMW shed 28 DM, to 826, and Volkswagen lost 24.50 to 548.50.

Deutsche Bank shed 54.5 marks, Commerzbank lost 22.20 and Dresdner lost 23.5 over the week. The department-store chain Karstadt lost 47 DM to 622 and Siemens lost 36.5 to 734.5.

Hong Kong

Hong Kong dealers expect another volatile week after last week's roller-coaster ride.

On the week, the Hang Seng Index lost 44.94 points, or 1.5 percent, to close at 2,894.31. Average daily turnover surged to $192 million from the previous week's $112 million.

Following gains toward the end of the previous week, the Hang Seng soared a total of 40 points on Monday and Tuesday. The shock came Wednesday after the Tokyo market went into free-fall. A sharp recovery Thursday was partly erased by further losses Friday.

London

The market ended almost 4 percent lower, as repeated slides on the Tokyo market knocked the wind out of attempted rallies.

The Financial Times 100-share index fell through the 2,300 barrier early on and kept tumbling, ending the week down a full 89.2 points at 2,236.7.

January money supply figures that were in line with expectations did nothing to steady sentiment, while an increase in 1989 GDP figures, pointing to more relaxed British monetary policy, caused some alarm among investors.

NatWest, the first of the major clearing banks to announce its results, pleased the market with an improved dividend payment despite a pretax loss for the year, but later results from Midland and Lloyds also showing annual losses sent the sector into retreat with the rest of the market.

Milan

The Milan bourse put up mild resistance to the worldwide downward trend, but still fell to a record low for the year. The MIB index lost 2.13 percent, closing Friday at 963. The Comit index closed 2.14 percent down at 661.45.

Daily trading value fell to 160 billion lire from 210 billion lire the previous week.

The Enimont chemical giant, which is the subject of a power struggle between the industrialist Raul Gardini and the state company ENI, was one of the stocks least affected, losing only 0.73 percent.

Paris

The market lost another 3.6 percent in value last week, taking its decline for the year to 10 percent, only just behind the 10.3 percent lost in Tokyo.

The CAC 40-share index opened Monday at 1,871.12 points, but ended the week at 1,803.62.

Traders were not comforted by the news that the economy grew 1.1 percent in the final quarter of 1989, giving annual growth of 3.7 percent, close to the 3.8 percent in 1988.

Traders said that while there was no panic selling, there was little buying either, with money being concentrated in investment trusts offering a higher return.

Peugeot was among the few leading issues that rose. The automaker closed the week at 753 francs, putting on three francs on Friday mainly due to speculation after the linkup between Volvo and Renault.

Singapore

Trading got off to an optimistic start after bullish official predictions for Singapore's economic growth, but the market was hit by Tokyo's plunge.

The Straits Times industrial index soared to a record high of 1,595.40 Tuesday, but Wednesday's sharp plunge in Tokyo led to a drop in Singapore and investors were cautious for the rest of the week. The index ended the week down 35.80 points at 1,548.97, while the exchange's all-Singapore index lost 11.72 points to end at 428.45.

Tokyo

The market plummeted 6.9 percent on the week, amid lingering fears of a rise in the official discount rate, in thin and erratic trading. A majority of analysts agreed that there would be another turbulent week of trading from Monday.

The Nikkei average fell 2,569.35 points to close at 34,890.97 Friday, following a 172.18-point rise the week before. The close was the lowest since the mini-collapse of Oct. 16, 1989, when the Nikkei dropped to 34,468.69.

The broader-based TOPIX index plunged 164.25 points to 2,554.31 after rising 11.88 points the previous week.

Trading remained thin during the week, with daily turnover averaging 423.6 million shares, slightly lower than the previous week's 426.4 million.

The Nikkei has now dropped 10.3 percent from the record high on last year's final trading day, 38,915.87 on Dec. 29.

Zurich

The bourse slumped last week, despite the announcement of excellent company results.

The Swiss Performance Index lost 26.5 points over the previous Friday to close at 1,101.0, while the Crédit Suisse indicator closed 15.2 points down at 601.2 and the Swiss Banking Corp. index lost 15.4 points to end at 640.2.

Ciba Geigy and UBS were widely traded after the companies announced plans to change their capital structure, moves that were seen as part of a general trend toward the ending of participation certificates.

TOKYO: *Stock Decline Shows Japan Can No Longer Isolate Its Markets*

(Continued from page 1)

Nomura Securities Co. to steady the market.

"This is a turning point for Tokyo in terms of the volatility now evident in daily trading," said Marshall Auerback, a portfolio manager at GT Management Japan Ltd. "With the increased use of futures and other 'derivative' products, the basis on which stock prices were previously managed is coming unstuck."

Fundamentally at issue in the Japanese markets is the formula fiscal and monetary authorities implemented throughout the second half of the 1980s. Having agreed with other industrial nations to stimulate domestic demand to correct its trade imbalances, Tokyo kept its benchmark interest rate at a record low of 2.5 percent until last year, while warding off inflation with an appreciating currency.

But since the autumn, the Bank of Japan has steadily voiced concern about renewed inflationary pressure, reflecting the end of the yen's upward movement. It raised its official discount rate, which it charges on loans to commercial banks, three times last year, to 4.25 percent, and further rises are now widely anticipated.

Only over the past two weeks, however, have the central bank's difficulties become fully apparent. Apart from the dramatic shift in capital flows into the Deutsche mark, it is now clear that a currency union between Bonn and East Berlin will be sufficiently inflationary to force West German interest rates to still higher levels.

"Now that the initial euphoria is gone, we're going to have turbulent markets until the cost of the reworking of the postwar political order is very clear," said Paul A. Summerville, the economist at Jardine Fleming (Securities) Ltd. "This is hitting Japan most because interest rates here were too low given the inflationary pressures in the economy."

In the United States, an optimistic economic forecast last week by Alan Greenspan, the Federal Reserve Board chairman, suggested that the Fed feels less need now to lower interest rates to avoid recession. As the prospect of interest-rate coordination fades, Tokyo investors have begun to ask how high Japanese rates have to go to prop up the yen against the dollar.

In the financial markets, the yen is now seen as the key to Japan's near-term economic future. But at this point, the currency and share markets are working essentially against each other, in that the Bank of Japan is believed to have postponed a rise in the discount rate because of the current plunge in stock prices.

Although the economy is fundamentally sound, it is widely believed that the dollar-yen rate is likely to move decisively over 150 as early as this week. The U.S. unit ended at 147.07 in late New York trading Friday, up 3.15 yen from the previous week's close.

Tokyo is clearly divided as to its future direction. Its current policy conundrum has forced into the open an increasingly vehement battle between the Finance Ministry, which places priority on continued economic growth, and the Bank of Japan, which has become increasingly concerned about inflation under Yasushi Mieno, who was named governor in December.

Some analysts predicted over the weekend that in the current climate, Japan may seek to renew the *endaka*, or high-yen, strategy it agreed upon with other industrial nations in September 1985. The likely venue for such a proposal, they said, is the annual summit of Western leaders, to be held in Houston, Texas in July.

"The question in Tokyo is, 'Can we move interest rates higher without doing severe damage to stock and land prices?'" Mr. Summerville said. "It's not a problem that will go away in six months. I think the summit in Houston will be an endaka summit."

In the meantime, the government's anxiety about both the fall in stock prices and the volatility of trading has visibly mounted in recent days. Although officials do not acknowledge the practice, it is widely accepted that they have controlled past market declines — as in October 1987, for instance — by coordinating support buying among the large Japanese brokerages.

But with investors now able to arbitrage between the cash and futures markets, the influence of Nomura and the other Big Four houses — Nikko Securities, Daiwa Securities and Yamaichi Securities — has been markedly reduced. Many Japanese institutions, unwilling to acknowledge they have been engaging in the practice, used foreign brokerages last week to execute such transactions.

Late last week, officials visited several leading U.S. program traders, including Salomon Brothers Asia Ltd., to determine which institutions were arbitraging most heavily. Brokerage sources said authorities may also rescind regulations requiring securities houses to report large-block trades — a move intended to revive the ability of the big four to dominate stock dealing.

At bottom, such moves reflect the important role a continually rising stock market plays as a source of cheap capital for Japanese companies competing in world markets.

LTV, Lockheed and Kroger Agree on Pacts With Unions

Reuters

PITTSBURGH — Three U.S. companies — LTV Steel, Lockheed Corp. and Kroger Co. — said separately on Sunday that they had reached agreements with their unions on new contracts.

LTV Steel, a subsidiary of LTV Corp., said it had tentatively agreed with the United Steelworkers of America on a new labor pact covering 13,500 active and laid-off workers and 46,000 retirees.

The local union presidents voted to recommend the agreement, which restores concessions made in previous accords and also provides for wage and benefits improvements. The pact will be submitted to union members for ratification.

In Los Angeles, Lockheed Corp. said it reached a tentative agreement with the International Association of Machinists and Aerospace Workers covering about 20,000 union members. Rank-and-file members must still ratify the pact.

Meanwhile, Houston-based Kroger Co. said that all of its striking employees in Houston and San Antonio, Texas, ratified new contracts, ending a weeklong strike against the supermarket chain.

The company's 8,000 employees signed a three-year contract that contains three major provisions, including a wage increase, the continuation of existing health and welfare benefits and a profit-sharing plan that gives cash payouts based on performance.

WALL STREET REVIEW

Figures as of close of trading Friday, February 23.

NYSE Most Actives

	Vol.	High	Low	Last	Chng.
DomRs	109353	45½	44⅛	44½	— ½
Pfizer	96480	65½	54¾	56¼	—10⅛
PhilMr s	87577	38⅝	37	37½	— ⅞
IBM	72833	105½	102	102⅝	— ⅞
TexUtil	71873	34⅝	34⅛	34⅝	— ⅛
Finlste	68620	37	34¼	36¼	+1
AT&T	68048	39⅞	37⅞	38⅛	—1⅝
Varity	64222	3½	3⅛	3¼	
GenEl	62738	61½	60⅛	60½	—1½
AmExp	51308	29	27⅛	28	—1
FdNM s	49558	35¼	32⅝	34⅛	+ ⅜
Citicorp	47463	24½	23⅝	23⅝	— ½
BakrHu	44772	28	25	25⅝	—1½
Exxon	43352	48⅛	46½	47⅝	— ⅞
GlbM n	42511	5⅝	4½	5	— ⅛
GnMotr	42489	44⅝	42⅛	43⅝	+ ⅜
ParkDrl	42391	11⅛	9⅞	10	—1⅛
Rowan	41162	14	11⅜	12⅛	—1⅛
BrMySq	40703	53⅞	50½	51	—2⅜
Schlmb	40259	51⅞	47½	47⅝	—3⅛
Merck	40001	71⅛	67	68	—3½
Hallbtn	38283	47⅜	43	43⅝	—2½
duPont s	37468	38	37⅛	37⅝	— ⅞
Amoco	36314	56	52½	53⅝	—1⅞
EKodak	35369	38⅝	37⅛	37¼	—1⅛

AMEX Most Actives

	Vol.	High	Low	Last	Chng.
SNk f93wt	51444	5⅞	4⅞	5⅝	+1½
Hlthav n	37696	1⅜	1	1¼	— ⅛
Dk Nk wt	25793	6⅝	5⅞	6⅝	+ ½
SNk f93wt	25102	5⅝	4⅞	5¼	+1¼
TexAir	22771	8⅝	6⅝	8⅝	+1⅜
EchoBy	21350	17⅛	16⅛	16½	— ⅛
BAT In	20909	13⅜	13⅛	13⅛	— ⅛
BT Nk wt	20257	10½	8⅝	10¼	+2⅜
JanBell	19190	16⅝	12	13¼	—3
BolrPh	18695	9⅞	8¼	9⅝	+1¼
Coron	10576	8⅝	8¼	8⅝	— ¼
Wthtrd	10114	6⅛	5⅞	5⅞	— ⅛
FruitL	9647	14	13⅝	13½	— ⅜
DowC rt	9333	9⅞	9	9¼	+ ½
ENSCO	9216	4⅛	3⅞	4	— ¼
Amdhl	8205	14¼	13⅝	13½	—1
WangB	8186	4⅛	3⅝	3⅝	— ⅛
NY Tim	7609	24	22⅞	22¾	— ½
DWG	5783	11	9⅞	9⅝	—1⅛
Hasbro	5437	18⅛	17⅝	18⅛	— ½
Sothby s	5405	22⅝	21¼	21¼	—1⅛
ICH	4899	3⅛	2⅞	3	
Telesph	4292	4⅛	3⅞	4	— ⅛
Sal wt93	3992	3⅛	3¼	3⅝	+ ⅞
HomeSh	3957	7⅛	6½	6½	—1

NYSE Sales

	Sales Vol.
Total for week	639,350,000
Week ago	742,830,000
Year ago	616,140,800
Two years ago	955,470,000
Jan 1 to date	6,270,344,410
1989 to date	6,460,190,000
1988 to date	6,951,890,000

AMEX Sales

	Sales Vol.
Total for week	58,740,000
Week ago	60,660,000
Year ago	44,430,000
Jan 1 to date	1,959,804,000
1989 to date	430,950,000

NYSE Diaries

	This Wk	Last Wk
Advanced	451	867
Declined	1413	985
Unchanged	284	297
Total Issues	2148	2149
New Highs	34	67
New Lows	188	193

AMEX Diaries

	This Wk	Last Wk
Advanced	257	379
Declined	508	406
Unchanged	203	196
Total Issues	968	981
New Highs	28	24
New Lows	68	81

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, February 23.

(Continued)

	Div.	Yld.	Sales in 100s	High	Low	Close	Net Ch'ge
U							
USA Bc			105	3¼	2⅝	3	— ⅛
USMX			720	2⅛	1⅞	1⅞	— ¼
UST Cp	.63	4.8	726	14	12¾	13	— ½
UTL			115	2	1½	2	+ ½
UniMrt	.10	1.6	29	6¾	6⅝	6⅝	— ⅛
UnicoA			263	3⅞	3¼	3½	+ ⅛
Unifi s			1735	13½	12½	12⅝	— ⅜
Unifrce	.10	.9	106	11¼	10⅝	10⅝	— ½
Unigen			1365	1⅝	1⅛	1⅛	— ⅜
Ungn wt			1185		⅞	⅞	—
Unimed			212	3½	3⅛	3⅜	— ⅛
UnBnk	1.32b	5.7	244	23¼	22¾	23	
UAEn A			3585	16⅝	15¼	15¼	—1⅛
UAEn B			1713	16⅝	15⅝	15⅝	— ¾
UBCol	.20	1.2	805	17⅝	16⅝	16¾	— ¾
UBWV	.68	5.1	14	13¼	12½	13¼	— ¼
UCarBk	.60	4.1	83	14½	14	14½	+ ¼
UCtGs	.92	6.0	808	15⅝	15⅛	15¼	+ ⅛
UnCoast			721	3¾	3½	3½	— ⅛
UnCosF	.60b	3.5	58	17⅛	17	17	— ¼
UnDom	1.24	7.5	330	16⅝	16¼	16½	— ⅛
UnEdSf			429	¼	⅛		—
UnFdBc	.36	3.4	142	10⅝	10¼	10½	— ⅛
UFinSC			17	10¾	10¾	10¾	
UFireC	1.20	3.9	140	31½	31	31	— ¾
UGame		—	447	10⅝	10	10½	+ ⅜
UGrdn			153	8	6⅞	7⅞	— ⅝
UHltCr			10517	10½	9⅝	10½	+ ⅜
UtdHm	.30e	6.0	2	5	5	5	
UtdIns			9	18	17½	17½	— ½
UMoBn	.80a	2.7	85	30½	29	29½	
UnNMx	.25e	2.2	191	11½	10⅝	11½	
UtdNwsp	.73e	6.0	135	12⅝	12¼	12¼	— ⅞
UtdSvrs			373	4¾	4⅝	4¾	— ⅛
USvBk	.41	3.9	90	11	10½	10½	
USB Or			299	21¾	21⅝	21½	
USBkVa			106	3⅞	3⅝	3⅞	+ ¼
US Bc s	1.00	3.7	12850	27¾	25¾	27	+ ¼
USBPa			7	13¾	13¼	13¼	
US Bc pf	2.12	10.0	5	21¼	21¼	21¼	
US Enr			830	10¾	9	10	— ¼
US Facl			300	4⅝	4⅛	4¼	+ ⅛
US Gold			23225	1¼			—
US HltC	.23	2.0	10069	12	11⅛	11⅝	— ¼
US Intc			20	4½	4⅛	4⅛	— ¼
US Prc g			355	⅞	¾	⅞	
US Trst	1.60	4.7	363	34¾	33⅝	34¼	— ⅜
USWNV			2547	33¼	29¾	30	—3
UStatn	.40	3.3	1127	12¼	11⅞	12⅛	
UnTelev			130	34¼	33	33⅛	— ⅛
UnTote s			104	10¼	9½	9⅝	— ⅛
UnVtB s	.68	4.3	33	16	15½	15⅝	+ ¼
Unitog			342	12⅛	11⅜	11⅞	— ¾
Unitrnx			3217	7¾	7¼	7⅝	+ ⅜
UnvHlt	.20e	2.3	587	9⅝	8⅝	8¾	— ⅝
UnvHld			280	1	1⅛	1	—
UnVolt			52				+
UnvBT s	.40	1.9	40	32⅝	32	32⅝	+1⅜
UPenEn	2.22	8.5	8	26½	26¼	26¼	— ¾
Urcare			2803	17⅛	16½	17	
UtahMd			1279	9⅛	8¾	9	— ⅛
V							
V Band			542	3¾	3¼	3⅝	— ¼
VLSI			3405	6⅛	5⅝	6	— ⅛
VMS	.20i		871	1½	1⅛	1¼	— ⅞
VMS II	.18i		531	1⅛	⅞	1	
VMS III	.22i		1174	2	1⅜	1⅞	
VMS SL	.37i		2695	2½	1⅝	2⅛	— ⅛
VMS SL2	.30i		3342	2⅜	1⅞	2¼	+ ⅛
VMX			1984	1⅞	1⅜	1⅞	— ⅞
VSB Bc	.50	4.0	158	12⅝	12⅜	12½	— ⅛
VSE	.28	3.2	16	9½	8½	8¾	— ⅛
VWR	.80	5.3	131	15¾	15	15	— ¼
Valcom			204	12	11⅛	11¼	
ValidLg			8377	3⅛	2⅞	2⅞	— ⅛
Vallen s			2	17	17	17	—2¾
ValyBc	1.12	4.5	78	25½	24¾	24¾	
VlyCa s	.80	3.0	227	28½	26½	26¾	—3¼
ValFSL			3280	1⅛	¾	1	
VlyBcp	1.36	5.9	87	24½	22½	23	+ ½
ValNtl			4942	14½	13⅜	14⅛	— ¼
ValyWst		†	12	7⅝	7	7⅝	+ ⅝
ValRes s			26	5¾	5¼	5¼	— ½
Valmnt s	.26	1.5	1806	17¾	17	17¼	— ½
ValLn	.60	2.6	4	23½	23½	23½	— ¼
VanGld			1022	2⅛	1⅝	1¾	— ⅜
VanFed			57	10¼	9½	9¾	+ ⅛
VardCl s			3931	30	28	28	—1¼
VREF I			71	8¼	7¾	8¼	+ ¼
VariCre	.04	1.1	30	3⅝	3½	3⅝	
Varitrn			154	5⅞	5½	5½	— ⅜
Varlen	.60	3.9	1215	15½	14⅝	15¼	— ½
VeloBd			582	6	5⅝	5⅞	— ⅛
Vencor			43	7	6¾	7	
Ventrex			103	1	⅞	⅞	
VenCty		†	17	9¾	9½	9¾	— ½
Ventur			137	9	8½	9	+ ½
VtFin	1.00	5.9	34	17½	17	17	— ¼
Veronx g			1267	3⅞	3½	3⅝	— ¼
Versa s	.20	1.9	257	11¼	10¾	10½	— ¾
VertexC			139	6	5½	5½	— ¼
Vestar			287	3	2⅝	2¾	
Vicorp			779	17⅞	17	17½	+ ¼
VictBn			81	8¾	7⅝	7⅝	—1
VictCr			238	5	4	4½	
VidDsp			7	4¼	4¼	4¼	— ⅛
Vie deFr			18	2⅛	2	2⅛	— ⅜
Vikonic			451	6⅞	5⅝	6½	+ ½
VIIIFinl			555	8⅝	8½	8⅝	— ⅜
VIISpM	.15	1.0	5	15⅝	14½	15⅝	+ ⅜
Vinland			5	⅜	⅜	⅜	
Vipont		†	614	14	13¾	13⅞	+ ⅛
Viratek			1027	4⅝	3⅝	3⅝	—1⅛
VaBch s			189	4	4	4	
VaFst	.05r	1.1	5	4½	4⅛	4½	+ ⅛
VistaOr			896	⅞	⅞	⅞	+
VistaLP			5648	2	1	2	
VistaR s			55	15½	14½	15½	+ ¼
Vitalnk			14635	15⅛	12¾	13	—2⅝
Viviqen			425	21½	19½	20¼	—1½
Voltlnf			19	13¼	12½	13¼	
Volvo	1.84e	2.6	715	73	69¾	70¾	+4⅜
W							
WCRS	.17e	2.1	4	8⅛	8	8⅛	
WD 40	1.72	5.4	81	31⅞	30¾	31⅝	+1
WLR F s	.44	1.9	176	23⅞	22½	23¼	+1⅛
WNS			30	3½	3⅛	3½	— ⅛
WPP Gp	1.19e	4.5	332	23⅞	22⅛	22⅝	— ⅝
WSMP			13	5⅞	5⅝	5½	
WTD			2313	10⅛	9⅝	10¼	+ ½
WainBk			40	9	8¾	9	+ ½
Walbro	.40	2.7	159	15	14	15	+ ⅝
WlkrTel			877	1⅛	1	1	
WallSnd			5	3	3	3	— ¼
Walshr	.20	2.6	25	8	7⅝	7⅞	— ⅛
WallCp	.48	7.8	96	6⅞	6	6⅛	— ⅜
WrhseC			33	2⅝	2⅛	2⅝	
Warren			144	4	3⅜	3⅝	+ ⅛
Warwk			180	½	½	½	
WshBcp	.28	3.7	97	8⅛	7½	7½	— ⅝
WBcDC	.28	1.7	799	16⅜	15⅛	16½	+1
WashEn	1.32	7.0	745	19½	18⅝	18⅞	— ⅝
WFSL	1.32	3.5	645	38⅝	36½	38¼	— ⅛
WshFOr	.38	3.8	340	10⅜	9⅞	10	— ⅛
WshFDC			59	4⅞	4	4	
WMSB	.40	2.3	3496	18½	16	17¼	+ ⅜
WMSB pf	3.75	9.2	2469	41	40⅛	40⅝	—
WshSvg			25	2½	2	2	
WshScl	.20	2.2	557	9⅝	8⅝	9⅛	+ ⅛
WatrfdW			722	7	6½	6½	— ⅛
Watrhse	.12e	2.7	175	4½	4	4½	+ ¼
Watrln	.08e	1.7	72	5⅛	4⅝	4⅝	— ⅛
Wattsind	.20	.4	267	33⅛	32½	32⅝	— ¼
WausP	.69b	2.8	222	25⅛	24⅜	25	—1
Waver	.36	1.4	1485	26⅞	25	25	+ ⅛
Wavetk			332	4⅞	3⅞	4	+ ⅛
WbstCl			1339	2⅞	1⅞	2⅛	+ ½
WbstFn	.92	5.3	44	18	17	17⅛	
Wegenr			416	2⅜	1⅞	2	
WeisTr	.40	2.4	12	16⅞	16¾	16⅞	+ ⅛
Weltek			2516	15⅜	13⅛	15	— ⅛
Wellgtn	.15e	1.1	22	14⅛	13⅜	13⅝	
Werner	.12	.7	64	18¼	17½	17½	— ½
Wesbnc	1.30	4.1	44	32¼	31	31½	+ ½
WstCst			148	3	3	3	
WtMass	.28	4.4	85	6⅞	6⅛	6⅜	— ⅛
WNewtn	.28b	8.0	197	3⅝	3⅜	3½	
WstOne s	.88	4.0	979	23½	22¼	22⅛	—1⅛
Westcot			185	9⅛	9	9	— ⅛
Westrbke			3	1⅛	1⅛	1⅛	— ⅛
WtBank			39	13⅛	13	13½	
WstCap			445	7⅛	6⅝	6⅞	— ¼
WnFncl	.03r	.9	79	3½	3¼	3¼	
WnWste			314	30⅛	29½	29½	—1½
WMicTc			1332	5⅛	5	5⅛	+ ⅛
WMicr			543	2	1½	1¾	+ ⅛
WstnPb			2444	19⅛	17⅝	18⅝	+ ⅞
WstnRk			2155	44⅝	42	44⅛	— ⅜
WmorC			426	23½	22⅛	22¼	—1
Weston			387	7⅜	7⅛	7⅛	— ⅛
WstpBc			19	8⅜	8⅛	8⅝	+ ⅛
WstwOn			12289	6⅝	5⅝	6	— ⅛
Wettra	.40	2.5	614	25⅞	24⅝	24⅞	—1⅛
Weyrbg	1.00	1.8	350	54	52½	53⅞	+1⅛
Wharf			28	5⅛	5	5	
Whlclub			1012	14⅛	13⅛	13⅝	— ⅛
Wicat			5369	2⅞	2⅝	2⅞	
Wiland			86	3⅛	3	3⅛	+ ⅛
WillyJ A	1.10	2.7	48	45½	40	41¼	—4⅛
Willamt	1.40a	3.3	1340	50½	46⅞	49	—1¼
Wilm			1	15	15	15	
WmSon s			531	28½	27	28⅛	+1⅛
WilmTr	1.44	3.7	1003	39	38	38⅝	— ⅛
WiscTy			448	10⅛	10	10⅛	— ⅛
WiserO	.40	2.0	315	21⅜	20⅝	20⅝	—1
WolfFn			1272	6⅛	5½	5⅜	
Wolohn	.28b	1.9	645	14⅝	15	15	—1⅛
WlvEx h			6328	14⅝	12⅝	14	+ ⅛
Wolv wt			2121	7⅛	6⅞	7⅛	+ ⅛
Woodhd	.68	4.8	254	15⅝	15	15	— ⅝
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WWTch			2253	1⅝	1⅛	1½	+ ⅛
Worthg	.56	2.7	2354	20⅝	20⅛	20½	— ½
Wyman	.80	5.9	852	14⅛	13⅜	13⅝	— ⅝
WyomNt	.48	3.4	13	14½	13⅝	14	
X							
XL Data s			1372	7⅛	6⅝	7⅛	+ ¼
XOMA			5426	28	18½	19¼	— ½
XeRife	.12	1.8	316	12	11⅞	11⅞	— ⅜
Xicor			4896	3	2⅝	2⅞	
Xelor			79	7	6⅞	6⅞	— ⅛
Xscribe			145	⅞	⅞	⅞	+ ⅛
Xylogic			268	8⅛	7⅜	7⅞	
Xyvsn			181	2⅞	2⅛	2⅝	— ¼
Y							
YanEns	.76e	3.4	227	27½	26⅝	[illegible]	+ ¼
YelowF	.76	3.2	1087	24⅛	22⅞	23⅝	— ⅝
YesClth			9	6⅛	6⅛	6⅛	
YorkFn	.68b	4.5	17	15⅛	14½	15¼	— ¼
YorkRs			1146	10	8½	10	+ ⅜
Z							
Z Sevn	.40e	3.5	28	13⅝	12	12	
Zeus			1	2⅞	2⅞	2⅞	— ⅛
Ziegler	.52a	3.2	1	16½	16½	16½	— ½
ZionUt	1.44	5.3	153	27⅝	26½	27¼	
Zitel			237	3⅝	3⅜	3⅝	+ ¼
Zycad			1265	1⅜	1⅛	1⅜	
Zygo			6	4⅞	4⅞	4⅞	+ ⅛
Zymos			584	⅞	⅜	⅞	— ⅛

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MONDAY SPORTS

Monday Talks May Decide Fate of Baseball Season

By Richard Justice
Washington Post Service

NEW YORK — Representatives of major league baseball's owners and players, still far apart on contract talks, are to hold a key session Monday that likely will determine whether the season starts on time.

The prospects did not appear to be good.

"What we need right now is something that's not easily found," said Gene Orza, legal counsel for the Major League Players Association. "We need a really good inventor or a miracle worker."

He added, "I don't expect any progress will be made on Monday unless there's a dramatic infusion of light."

Chuck O'Connor, the owners' chief negotiator, said he was disappointed that the union declined to meet Sunday, the 11th day of a spring training camp lockout. He acknowledged that if no agreement is reached by Monday, the opening of the season, scheduled for April 2, would be threatened.

The meeting Monday will carry high stakes because union officials will leave immediately afterward for Phoenix, Arizona, to attend a meeting of their executive board Tuesday. Any chance of a quick settlement depends on the board having an owners' proposal that it considers open to serious negotiation.

[The players will need three to four weeks of spring training before they can be expected to start the season, The New York Times reported. If the two sides reach no agreement this week, that would take them to the outside limit with opening day scheduled for five weeks from Monday. "We'd be close" without an agreement by Tuesday, O'Connor said.

[Donald Fehr, the players' labor leader, indicated that he might follow the executive board meeting with a trip to other cities throughout the country to talk with players.

[Asked how much such a trip might delay negotiations, he said: "Negotiations can resume whenever the owners want to, if they want to be where we are. We're not going to make any plans until after the executive board meeting, but the notion that the only meetings that can be held are on Park Avenue in New York is an incorrect notion."

[O'Connor reiterated that the owners' bargaining team was not inclined to hold meetings around the country.]

After spending Saturday morning settling most of the nonsalary issues, the two sides stalled again during an afternoon session as they spent about four hours essentially reminding each other how far apart they remained.

The players' announcement of a "major concession" showed the depth of the division. The players said they would accept a pension plan contribution of $60 million a season from the owners, down from a previous request for about $85 million. The owners have offered about $42 million.

Even the "major concession" left a gap of $72 million over the four-year length of the contract.

On other issues — salary arbitration, roster sizes and related matters — there was not even that much progress.

The players declined a request by the commissioner, Fay Vincent, for a Sunday meeting, saying the sides had little to discuss.

O'Connor said he agreed with the commissioner that a meeting would have helped. "Fay thought it would have benefited the process to keep moving," he said.

Most of Saturday's meeting was devoted to the pension plan and arbitration. The players again reminded owners that, until 1985, their contributions had been one-third of national television revenues.

The owners replied that financial problems in 1985 had caused them to trim the contribution to about 18 percent, or $39 million in 1989.

The clubs have made spectacular financial recoveries, and the players said they would like to have a third of a recently signed $1.1 billion television package. The owners have said they are not about to give that, and the players countered by asking for $100 million less over the term of the contract.

The owners rejected that.

On salary arbitration — the single area where neither side has seemed willing to budge — the players brought a bevy of statistics into Saturday's meeting.

They pointed out, for example, that players with between two and three years of service had earned an average of $213,000 in 1985, at which time they were eligible for arbitration.

The players said they had agreed in 1985 to reduce a player's eligibility for arbitration to after his third year to alleviate the clubs' financial problems. The clubs used that switch to hold down the salaries of two- to three-year players, who made an average of only $219,000 per man in 1989.

Overall, the clubs spent almost the same money on two- to three-year players in 1985 ($17.69 million) as they did on those players in 1989 ($17.74 million).

History Repeated

New York Times Service

Seventeen years ago, an agreement was negotiated that ended the first lockout of players from spring training camps.

Players began arriving in their camps the next day, Feb. 26, and the season began as scheduled, on April 5. That gave the players five weeks to get ready for the season. The 1990 season is scheduled to open five weeks from Monday.

The 1973 agreement was the one that created salary arbitration, the thorniest issue in this year's negotiations.

Buster the Champ Floors 'Em in Detroit

It was James (Buster) Douglas's first return to the ring since winning the heavyweight boxing title from Mike Tyson. And as spectacular, if all show biz. As referee of the World Wrestling Federation title bout in Detroit on Friday night, Douglas counted out a victory for Hulk Hogan, then got into the act himself and floored "Macho King" Randy Savage after the challenger slapped Douglas in protest.



Photos by Lennox McLendon/The Associated Press

Owners the Big Losers So Far in Lockout

By Murray Chass
New York Times Service

NEW YORK — The owners of baseball's 26 teams appear to be losing their own lockout.

Reaching its 11th day Sunday, the lockout of players from spring training camps has put absolutely no pressure on the players, despite the oft-stated view of the owners' labor representatives that a deadline, such as the lockout, places pressure on both sides.

The owners are the ones who are reacting to the closed camps, trying to find ways to satisfy the players, and they are the ones who have kept them closed.

"To have a meaningless lockout to support regressive proposals is to shoot yourself in the foot," said Marvin Miller, the players' former labor leader.

The owners, without question, have been hobbling around in recent weeks, offering a series of proposals that has given rise to the belief on the union side that management is in disarray.

The players are left with the image of everyone on management's side getting a turn at bat.

The players have simply reacted negatively to most of the proposals, held their ground and awaited the next set. How did the players get to the position where they appear to be forcing this succession of moves by the owners?

The answer lies perhaps as much in the owners' strategic planning as in the players' firm stand.

The owners' strategy was to push for their revenue-participation plan, a radical change for baseball, while supporting their effort with the threat of a lockout.

First, they did a poor job of trying to sell the players on the revenue plan, producing answers to none of the relevant questions the players raised and offering no convincing evidence that they needed the plan now.

Then they implemented their lockout when the players had nothing to lose.

If they had locked out the players toward the end of spring training, when the players' first paychecks were in sight, the players would have faced the loss of something real. But the players receive no pay during spring training.

The owners, however, didn't want to take that approach because then they would have faced the possible loss of significant income if the season did not start on time.

The players are left with the image of everyone on management's side getting a turn at bat. They have simply reacted negatively to most of the proposals, held their ground and awaited the next set.

So the owners began their lockout Feb. 15, two days after they had scrapped, for these negotiations, the revenue sharing plan that they had pushed for seven months.

If there has been any oasis of reason among management, it has been the commissioner, Fay Vincent.

Vincent has been an activist commissioner, and one reason he seems to have had some success at guiding the owners at least in the direction of a settlement is that he has leaped into the leadership void.

Not since Walter O'Malley, owner of the Los Angeles Dodgers, died in 1979 has any owner assumed a leadership role.

Not only did no one step into O'Malley's brainy shoes, but when Peter Ueberroth was commissioner from 1984 to 1989, he had virtually no use for advice from owners.

Ueberroth abandoned the executive council, the body of owners that is supposed to serve in an advisory capacity to the commissioner.

Vincent has apparently used the void to his advantage in the current labor dispute.

Seeing that the owners' revenue-sharing effort was failing to elicit even a hint of interest, he stepped in with his own set of proposals.

The players viewed them as too restrictive and regressive, but at least the two sides had returned to a more conventional negotiation.

How was Vincent able to seize the labor reins suddenly from the six owners who comprise the board of the Player Relations Committee?

Management sources indicated that he had talked with more moderate owners outside the committee and had asked them to speak to at least some of the committee owners, convincing them that revenue sharing was going nowhere and that they faced the prospect of an unwanted extended shutdown.

But last Wednesday, a major glitch appeared in the talks.

The owners presented yet another set of proposals, and these outraged the players.

Largely the product of two general managers, Frank Cashen of the New York Mets and Harry Dalton of the Milwaukee Brewers, the proposals represented an effort by the committee hard-liners to make a deal their way.

Vincent, one source said, was not at all surprised by the players' reaction and used it to regain the reins the next day at a committee meeting.

It was obvious that if the owners continued along the Wednesday track, baseball could be derailed for a major part of the season.

Interestingly, at that meeting, the source said, Carl Pohlad, owner of the Minnesota Twins, who is viewed on the union side as a hard-liner, was instrumental in getting the committee to sidetrack the Wednesday initiative and in devising the latest set of proposals.

What is not clear is whether Vincent spoke with Pohlad before the meeting and persuaded him to act as he did or if their views just happened to converge.

The source said that Vincent and Pohlad had talked often about the labor dilemma.

After the committee meeting Thursday morning, Steve Greenberg, the deputy commissioner, called Donald Fehr, the union chief, and said: "Forget about what happened yesterday."

He indicated that Vincent had his engineer's cap back on and that they could get down to serious bargaining.

SIDELINES

Darcy Wins Emirates Desert Classic

DUBAI, United Arab Emirates (AP) — Eamonn Darcy of Ireland, who had set a course record of 64 in his first round, won the Emirates Desert Golf Classic on Sunday by four strokes, finishing at 12 under par. David Feherty of Northern Ireland finished second with the tournament favorite, Severianos Ballesteros of Spain, tied for third. *(See Scoreboard)*

● *Fred Couples shot a course record-tying 62 on Saturday to take a* two-stroke lead over Gil Morgan and Rocco Mediate after three rounds of the Los Angeles Open at the Riviera Country Club.

Soviet Subs Beat U.S. in Soccer, 3-1

STANFORD, California (Combined Dispatches) — Fedor Cherenkov scored a tie-breaking goal just before halftime, and the Soviet Union beat the United States, 3-1, Saturday in a warmup for soccer's World Cup.

The U.S. team, preparing for its first World Cup appearance in 40 years, tied at 1 on a penalty kick by John Harkes in the 41st minute. But seconds before halftime, a Soviet free kick bounced off the U.S. wall to Cherenkov, whose 20-yard shot beat goalkeeper Tony Meola and went into the upper right corner of the net. The Americans, who mounted a few offensive forays in the first half, had virtually none in the second half although the Soviets did not have nine of their top players because of professional commitments in Europe. *(AP, UPI)*

NFL Drug Adviser to Be Replaced

NEW YORK (NYT) — The National Football League has announced that its embattled drug adviser, Dr. Forest Tennant, has asked to be replaced by April 1. No replacement was named.

Tennant's integrity and competence had been questioned in reports by television station WJLA in Washington and Sports Illustrated magazine. Last month, WJLA said that Tennant's laboratories in West Covina, California, had managed urine samples poorly, failed to protect the anonymity of players and produced a disproportionate number of positive drug results for black players.

Tennant insisted that his program had not made any mistakes and said of his leaving, "I don't want to be a lightning rod or lodestone to people opposed to what I do."

For the Record

Marcel Gery of Canada set a world record of 24.07 seconds in the 50-meter butterfly Saturday in a short-course World Cup swim meet in Leicester, England. Gery, who defected from Czechoslovakia in 1986, had set a world mark for the short-course 100-meter butterfly on Friday. *(AP)*

Xavier McDaniel, the leading scorer for the Seattle SuperSonics, will be out four to six weeks after undergoing surgery for cartilage damage in his right knee, officials of the NBA team said. *(AP)*

Florida Thieves Are Picky — or Fans of Baseball

The Associated Press

ST. AUGUSTINE, Florida — The hottest items in town these days are hot baseball cards.

Burglars smashed through plate glass doors to break into two card shops last week.

At the Oasis of Quality, the thieves ignored a display of rings and went to the back of the shop, where the store's owner, Gary Lundquist, kept his collection of baseball cards, worth about $6,000.

He said that most of the 4,500 cards taken were worth between 25 cents and $1, but that "there were a few that were really expensive," said Lundquist.

Among them were a 1951 Ted Williams card worth $450 and a 1963 Mickey Mantle card worth $200 to $300.

That break-in came two days after the Baseball Card Shop was burglarized, police said.

There, burglars took about $1,000 worth of cards and memorabilia, including a $275 bat autographed by former Boston Red Sox great Carl Yastrzemski, store owner Lloyd Tomkins said.

The burglars were very choosy, he said.

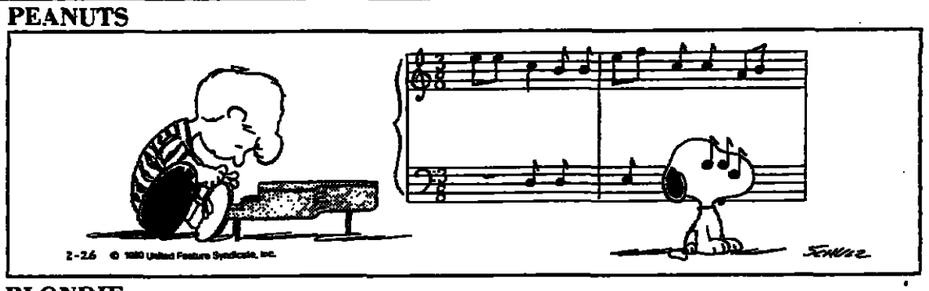
Among the items taken were three 1990 cards of Texas Rangers slugger Harold Baines, valued at $16 each. The cards have become a hot item in baseball-card circles lately, since they have been recalled by the manufacturer because of a mistake.

Tomkins, who said he will keep an eye out for his goods, added: "I think that bat's going to turn up somewhere. I can identify it."

DENNIS THE MENACE



PEANUTS



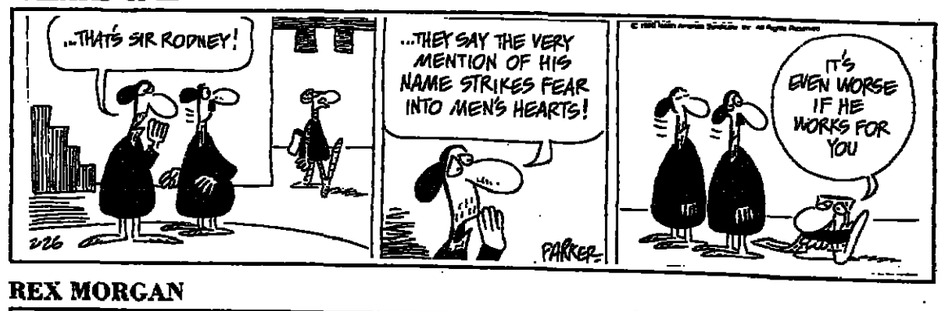
ANDY CAPP



BLONDIE



WIZARD of ID



BEETLE BAILEY



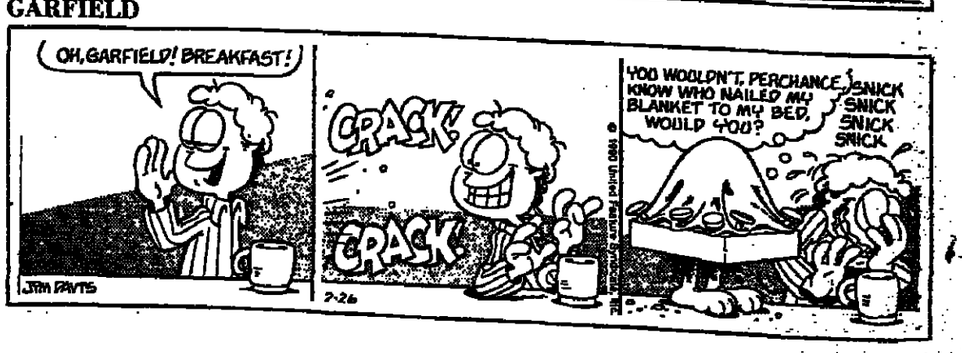
REX MORGAN



DOONESBURY



GARFIELD



JUMBLE THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

BUNGE

CAPHO

JOACLE

EISORE



WHAT A FORK IN THE ROAD MIGHT HAVE RESULTED IN WAY BACK IN THOSE DAYS.

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer here: A "_____" IN THE _____ (Answers tomorrow)

Saturday's Jumbles: CHICE LILAC DEPUTY QUIVER
Answer: Spend money like water and your debts will never be this—"LIQUIDATED"

The Global Newspaper.

SCOREBOARD

NBA



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Picky — or
s of Baseball

The Associated Press

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MONDAY SPORTS

Streaking Clemson Hands Carolina 3d Straight Loss

The Associated Press

It's a strange season in the Atlantic Coast Conference, where Clemson and North Carolina are going in different directions.

Elden Campbell became Clemson's all-time scoring leader and the No. 23 Tigers

COLLEGE BASKETBALL

moved into a tie for the ACC lead Saturday with a 69-61 victory over the Tar Heels in Clemson, South Carolina.

Meanwhile, Loyola Marymount set an National Collegiate Athletic Association record by breaking the 100-point mark for the 24th time this season.

The old record of 23 games was set by Nevada-Las Vegas in 1975-76 and matched by the Runnin' Rebels the next season, then by Loyola Marymount two years ago.

Clemson (22-5) can clinch a share of its first conference title with a victory at home Wednesday night against co-leader Duke. North Carolina (17-11) lost its third straight ACC game for the first time since the 1969-70 season.

"You've got to give them a lot of credit for a program that has no history, no tradition, for being in a position that they're going into," Clemson's coach, Cliff Ellis, said of his team, which won a school-record 23d straight home game.

Clemson fell behind, 54-48, with 10:36 left, but Dale Davis rallied the Tigers by scoring nine of his 19 points.

Campbell scored 11 points for a total of 1,772, breaking the school record of 1,761 by Butch Zatezalo from 1968-70.

No. 2 Kansas 78, Kansas State 58: Kevin Pritchard missed eight minutes in the first half with a head injury, but sank a tie-breaking three-point shot and scored 20 points in Lawrence. Kansas (27-2) scored the game's last 12 points.

No. 4 UNLV 91, No. 16 Louisville 81: Larry Johnson had 22 points and 15 rebounds and the University of Nevada-Las Vegas (24-4) scored the game's first 14 points in Las Vegas. Louisville (20-7) lost two straight games for the first time this season.

No. 5 Georgetown 83, Villanova 53: Dikembe Mutombo, benched after a poor game in late January and making his first start in nearly a month, had career highs of 22 points and 18 rebounds as the Hoyas (21-4) scored the first 11 points in Landover, Maryland.

No. 6 Connecticut 79, Seton Hall 57: Chris Smith scored 21 points in Storrs, Connecticut, as the Huskies (24-4) broke a 25-year school record for victories in a season and stayed one game ahead of Georgetown in the Big East Conference.

No. 7 Michigan 94, Northwestern 69: Rumeal Robinson scored 23 points in Ann Arbor, Michigan, and the Wolverines (20-5) reached the 20-victory mark for the seventh straight season.

No. 8 Georgia Tech 88, Notre Dame 80 (OT): Freshman Kenny Anderson matched his season high with 32 points, five in overtime, as Georgia Tech (20-5) overcame a 14-point deficit in South Bend, Indiana. Notre Dame twice missed the first of one-and-one free throws in the last 27 seconds of regulation.

No. 9 Purdue 75, Ohio State 70: Sophomore Woody Austin scored a career-high 21 points, and Purdue (20-5) got its final 12 from the foul line in West Lafayette, Indiana.

No. 17 Oregon State 83, UCLA 74: Gary Payton emerged from a subpar shooting day to score 12 consecutive points in the final six minutes in Corvallis, Oregon, as the Beavers (21-4) remained in first place in the Pacific-10 Conference, one game ahead of Arizona. The University of California-Los Angeles (16-9) dropped its fifth in a row, its longest losing streak since 1947-48.

No. 18 Minnesota 102, Iowa 80: Richard Coffey got 18 points to lead five teammates in double-figure scoring for Minnesota (19-6) in Iowa City, Iowa.

No. 19 Xavier, Ohio, 88, Butler 66: Tyrone Hill scored 24 points and Jamal Walker 23 for Xavier (23-2) in Indianapolis.

No. 22 Loyola Marymount 117, Santa Clara 81: Bo Kimble, the nation's leading scorer, had 35 points and Hank Gathers 29 points in Los Angeles as Loyola finished its regular season at 22-5.

Loyola, with a scoring average of 124.9 points, is on pace to break its NCAA single-season mark of 112.5 a game, set last season.

No. 24 New Mexico State 101, San Jose State 70: Keith Hill scored 22 points and Randy Brown 21 for New Mexico State (23-3) in Las Cruces, New Mexico.



Carlos Osorio/The Associated Press

Villanova forward Marc Dowdell got the rebound but lost the ball in a thicket of Hoyas as No. 5 Georgetown triumphed, 83-53, in the Big East Conference game.

NFL Slates Game In Germany Plus London, Tokyo

The Associated Press

NEW YORK — The Kansas City Chiefs will play a National Football League exhibition game in Germany rather than England this summer, and the Denver Broncos apparently will open their 1990 preseason against the Seattle Seahawks in Tokyo.

The NFL commissioner, Paul Tagliabue, had announced earlier that the Chiefs would play in London. But Carl Peterson, the team's general manager, said in Kansas City, Missouri, that Tagliabue had called him Friday and asked the Chiefs to play the Los Angeles Rams in the Freedom Bowl, at a still undetermined site in Germany, the weekend of Aug. 11-12.

The Los Angeles Raiders and New Orleans Saints will meet in the fifth annual American Bowl in London's on the weekend of Aug. 4-5.

The Chiefs and Rams will practice against each other in Germany the week before the game and, unlike other teams, will play only four exhibitions instead of five.

The Broncos and Seahawks will play in Tokyo on Aug. 4, said the Broncos' owner, Pat Bowlen, who added, after talking with Tagliabue: "I think it's a done deal."

Bowlen, in St. Petersburg, Florida, also said the NFL is close to adding a 17th week to its schedule next year, which would give each team an open date and eliminate the week off before the Super Bowl.

"I think you're going to see a 17-week season next year, and logic will tell you that the time is going to come from the two-week period before the Super Bowl," Bowlen told the St. Petersburg Times.

League owners, who meet March 12-16 in Orlando, are close to agreement on the issue, said Bowlen, who added that there was no discussion of adding to the current 16 games.

Under the proposal, the season would last for 17 weeks in 1990 and 1991, before going to an 18-week season with two open dates in 1992 and 1993.

That would give the U.S. television networks extra broadcast dates.

"It' a matter of economics," said Bowlen. "When you have 17 weeks of football instead of 16, you've spread your product. You just have more of it for television. We need to move now because of the television contract."

Smith's Tar Heels: The Decline of a Dynasty

By Barry Jacobs
New York Times Service

NEW YORK — Where dynasties once ruled, parity has leveled the athletic landscape. Yet even as the balances of power have shifted dramatically, modern college basketball has known one unwavering standard of excellence: the surpassing — some would say monotonous — success of the University of North Carolina program under Dean Smith.

Until this season, that is.

The defending Atlantic Coast Conference champions have a 17-11 record, decent enough by ordinary standards, but the losses match the most by a Smith team since his 1966 team went 16-11.

"I can tell you right now, they're not our worst team in the last 23 years," Smith said of his current group. "I think it's been a good basketball team."

Perhaps, but not when considered in the context of a program that averaged 28 victories and 6 losses a season during the last decade and finished first or second in the highly competitive ACC all but once in the last 23 seasons.

The current North Carolina team is talent laden, to be sure, but a bit slow afoot, uncertain in its oncourt leadership and plagued by mental lapses seldom seen under Smith.

The team is making a mediocre 49 percent of its field-goal attempts and 69.3 percent of its free throws. The defense is uncharacteristically porous and the ballhandling shaky.

Smith avoids discussing team or player weaknesses. But after North Carolina started a home game against North Carolina State by committing turnovers on its first seven possessions, the coach said: "We're not a good ballhandling team. We've got to find a way to hide that."

But time is running out. North Carolina lost to Clemson, 69-61, Saturday afternoon at Littlejohn Coliseum, the first time the Tar Heels have lost three straight conference games since the 1969-70 season.

And with regular-season games left against conference rivals Georgia Tech and Duke, among the top teams in the nation, some Tar Heel streaks are in distinct jeopardy:

- 29 seasons under Smith in which no team lost more than 12 games (as happened when the 1964 squad was 12-12.)
- 25 consecutive seasons in which North Carolina finished in the top half of the eight-team ACC.
- 19 consecutive seasons winning 20 or more games, a National Collegiate Athletic Association record.
- 19 consecutive years in which Smith's teams made at least 51 percent of their shots.
- 9 consecutive top 10 finishes in the polls.
- 8 seasons in a row with more assists than turnovers.

Such a dubious place in the Tar Heel pantheon wasn't expected of a team that features six high school all-Americans. But the Tar Heels got off to a 4-4 start, the worst of Smith's tenure, and by December they had dropped from the polls for the first time in seven seasons.

Smith ascribes the fall to a schedule that saw his team play most of its early games on the road, where it lost to Missouri, Georgetown, Alabama, Iowa and Colorado State.

"Had we scheduled differently, we'd still be in single-digit losses at this point," Smith said last week.

The coach is also quick to remind critics that North Carolina had to replace three 1989 starters, J.R. Reid, the top scorer, who is with the Charlotte Hornets of the National Basketball Association; the playmaker and three-point shooter, Jeff Lebo, and Steve Bucknall, an emotional leader and defensive ace who is with the Los Angeles Lakers.

"We need to improve in all areas, but if shots dropped, we sure wouldn't be getting all these questions," Smith said last week. "We shouldn't be so drastic in won or lost."

If all this bothers Smith, whose North Carolina teams have won 684 games and lost 200, he is not letting on.

"I don't think I've changed whether we're winning a lot or losing a lot, nor do I think I should," said Smith, who turns 59 years old Wednesday. "There's a lot more important things in the world."

Becker Wins His 5th Straight Over Lendl in Quest for No. 1

Compiled by Our Staff From Dispatches

STUTTGART — Boris Becker beat a weary Ivan Lendl for the fifth straight time, 6-2, 6-2, on Sunday to win the $1 million Stuttgart Classic ATP tennis tournament and bolster his claim to the world's top ranking.

Becker took just 73 minutes to earn the $137,500 first prize and lift his career record against Lendl to 8-7. It was Becker's most lopsided victory over Lendl, who has not beaten Becker since 1987.

The 22-year-old West German saw the contest as a measurement of how close he was to being able to supplant the 29-year-old Lendl as the top-ranked player, which the U.S.-based Czechoslovak first became in 1983, when Becker was 15 years old.

Lendl had won three titles this year — the Australian Open and tournaments in Milan and Toronto — and had a string of 21 match victories coming into the Stuttgart final. But he quickly fell behind, losing serve in the opening game.

Uncharacteristically, he attempted to charge the net on almost every shot and was passed repeatedly.

"I don't understand why he did it," Becker said. "But it felt very good to have won like that.

"We both dominate men's tennis. But I'm getting better and better. We will just have to see what happens this year."

Lendl said, "I had to come into the net a lot because the court is so quick. If I didn't come in, then he would have done it."

Becker had pulled out of a West German Davis Cup match last month to prepare for his onslaught on Lendl's top ranking. He showed no signs of the thigh strain that had prompted him to withdraw from a doubles match on Saturday as he broke serve for the second time to lead, 5-2.

Becker escaped two break points in the second game of the second set, then broke Lendl in the third and took a 3-1 lead in the fourth with three successive aces.

He finished the match on his first match point. Lendl hardly reacted as Becker drove the ball to the far corner of the court on a passing shot.

Lendl was clearly feeling the effects of having played 25 matches in three parts of the world in less than two months.

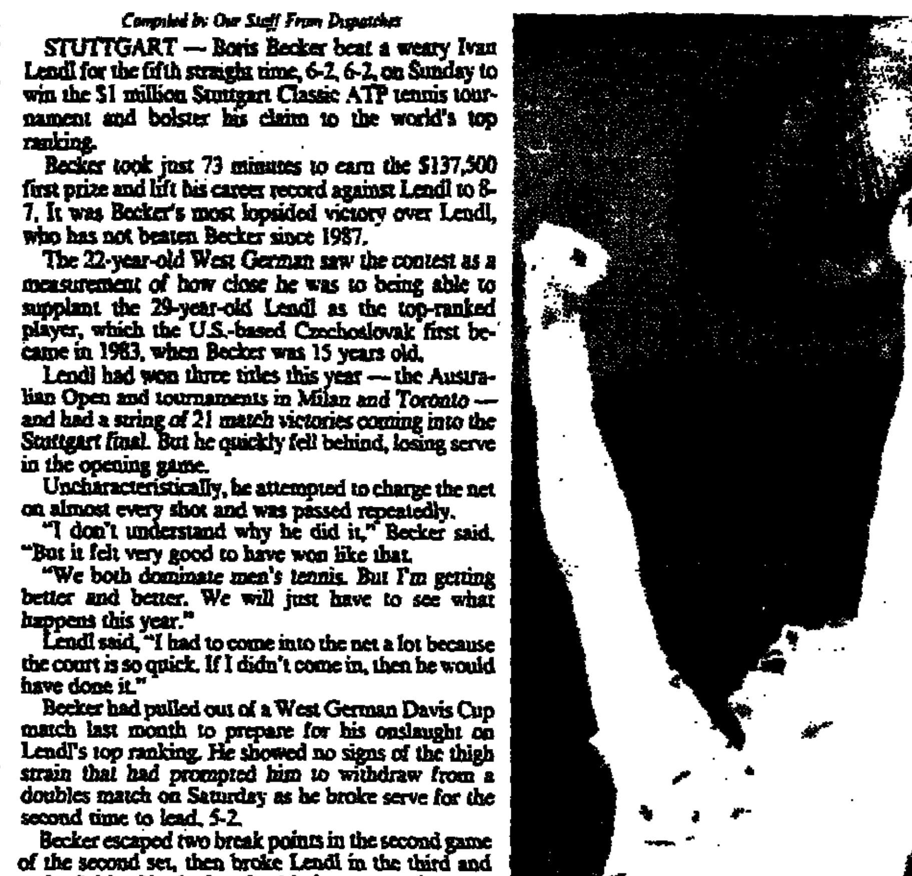
"I have done too much traveling and played too much," he said. "But under the rules [of the Association of Tennis Professionals Tour], I had no choice."

Lendl plans to take April and May off and skip the clay court season to prepare for Wimbledon.

Becker, who beat Lendl on the way to his third Wimbledon title last year, commented, "On the one hand, it is good that he can start early to practice on grass. But on the other, he is putting so much pressure on himself for Wimbledon that I don't know what he will do if he doesn't win it.

"It was very close last year at Wimbledon, but he didn't lose because he could not play on grass. He lost because he could not stand the pressure."

(AP, UPI, Reuters, AFP)



Agence France-Presse

Becker rose to a 6-2, 6-2 triumph against Lendl.

Lendl Returning Home, For First Time in 6 Years

Compiled by Our Staff From Dispatches

STUTTGART — Ivan Lendl is returning Monday to Czechoslovakia, for the first time in six years.

He is driving to Prague, a six-hour ride, rather than flying so he can visit friends and relatives along the way.

His trip is almost sure to produce the same emotional welcome that greeted Martina Navratilova when she returned in 1986 for the first time in 11 years.

Tuesday night, he is to play Czechoslovak Davis Cup star Miloslav Mecir in an exhibition match for a children's charity. Fourteen thousand people have bought tickets.

"I don't want to put my expectations too high because I don't want to be too disappointed," Lendl said.

Mecir believes Lendl will be given a warm reception.

"People are waiting to see Ivan," Mecir said. "The fans and the players know what kind of player he is and they will expect a good performance. I am sure they will give him a good welcome."

Lendl and many of his fellow pros may find themselves heading to Eastern Europe more often.

Moscow will be host to a major tournament for the first time later this year. There are proposals that an ATP tournament in Frankfurt next October be moved to West Berlin, with the qualifying rounds to be played in East Berlin.

The women's tour is very close to sealing a deal to stage an tournament in September in the East German city of Leipzig.

But whether the Eastern European states, many of whom are battling to keep their economies afloat, will be able to provide the essential sponsorship deals is another question.

At the Stuttgart Classic, backed by powerful West German firms, virtually everything on the court advertised the name of a company, from the line judges' black designer tracksuits to the players' socks.

Many of the spectators were guests of major companies and were seated in special boxes and wined and dined in hospitality tents.

"There may be a few events in Eastern Europe at the start," said Stuttgart organizer Ion Tiriac. "But I am not so sure they will find a permanent foothold." *(AP, Reuters)*

Havelange Urges Soccer to Change To 4 Quarters by '94 to Attract TV

The Associated Press

RIO DE JANEIRO — The president of soccer's world ruling body wants to change the rules of the sport to accommodate television coverage for the 1994 World Cup tournament.

João Havelange, president of the International Federation of Soccer Associations, known by its French initials FIFA, said in an interview published Sunday in the newspaper O Globo that soccer games should be divided into four quarters of 25 minutes each so TV networks could run more money-generating advertisements.

At present, soccer games consist of two 45-minute halves. The nearly continuous action makes television commercials difficult.

"Soccer is extremely professional and as such should seek all means of increasing revenues," Havelange said. "It's important for the growth of the sport."

SCOREBOARD

BASKETBALL

NBA Standings

EASTERN CONFERENCE
Atlantic Division

	W	L	Pct	GB
New York	35	18	.660	—
Philadelphia	34	21	.618	2
Boston	31	22	.585	4
Washington	22	34	.393	14½
New Jersey	13	40	.245	22
Miami	11	44	.200	25
Central Division				
Detroit	39	15	.722	—
Chicago	33	20	.623	5½
Milwaukee	31	23	.574	8
Indiana	28	26	.519	11
Atlanta	25	29	.463	14
Cleveland	24	29	.453	14½
Orlando	15	39	.278	24

WESTERN CONFERENCE
Midwest Division

	W	L	Pct	GB
Utah	38	16	.704	—
San Antonio	35	17	.673	2
Dallas	30	23	.566	7½
Denver	29	24	.547	8½
Houston	24	30	.444	14
Minnesota	14	39	.264	23½
Charlotte	9	42	.176	27½
Pacific Division				
L.A. Lakers	40	12	.769	—
Portland	37	16	.698	3½
Phoenix	35	17	.673	5
Seattle	27	25	.519	13
Golden State	24	29	.453	16½
L.A. Clippers	21	32	.396	19½
Sacramento	15	38	.282	25½

FRIDAY'S RESULTS

Houston 34 31 29 31—125
New Jersey 16 27 28 44—115
Thorpe 10-15 4-9 24, Johnson 5-9 9-10 19, Floyd 7-12 3-4 19; Short 9-20 4-7 22, Gervin 6-10 5-6 17. Rebounds: Houston 50 (Smith, Olajuwon 9), New Jersey 48 (Haley 15). Assists: Houston 21 (Floyd 7), New Jersey 19 (Wood 9).

Milwaukee 25 34 22 23—104
Charlotte 19 33 22 26—100
Pierce 9-17 13-17 31, Sikma 9-16 6-7 24; Gilliam 7-14 9-11 23, Keys 7-12 1-3 16. Rebounds: Milwaukee 47 (Sikma 11), Charlotte 57 (Gilliam 12). Assists: Milwaukee 24 (Humphries 8), Charlotte 28 (Bogues 9).

New York 23 26 27 45—121
Miami 38 28 30 32—128
Jackson 8-14 7-10 27, Ewing 9-19 6-9 24; Douglas 9-17 10-11 28, Edwards 11-14 4-4 26. Rebounds: New York 57 (Ewing 15), Miami 51 (Seikaly 12). Assists: New York 23 (Jackson 10), Miami 34 (Douglas 12).

Orlando 26 19 14 37—96
Cleveland 31 30 34 28—123
Anderson 10-19 3-4 23, Catledge 7-9 0-2 14; Daugherty 8-14 5-7 21, J.Williams 6-9 9-10 21. Rebounds: Orlando 53 (Reynolds 11), Cleveland 65 (Daugherty 9). Assists: Orlando 31 (Wiley 9), Cleveland 39 (Price 12).

Dallas 31 38 26 15—102
Indiana 29 25 19 18—91
Perkins 10-18 4-8 24, Tarpley 6-11 8-8 20; Smits 9-16 3-3 21, Miller 6-15 6-8 19. Rebounds: Dallas 50 (Tarpley 13), Indiana 51 (Thompson 13). Assists: Dallas 14 (Harper 5), Indiana 19 (Fleming 5).

Detroit 33 16 25 35—109
Atlanta 28 25 24 35—112
Thomas 8-22 7-8 22, Dumars 4-12 10-10 18; Malone 5-6 10-13 20, Willis 7-11 4-5 18. Rebounds: Detroit 47 (Salley 8), Atlanta 49 (Malone 10). Assists: Detroit 18 (Thomas 7), Atlanta 26 (Smith 11).

Portland 27 19 27 35—108
Chicago 26 29 31 27—113
Kersey 9-16 2-7 20, Duckworth 5-14 9-10 19; Jordan 12-25 9-10 35, Pippen 7-14 3-5 17. Rebounds: Portland 40 (Duckworth 12), Chicago 51 (Jordan, Nealy 10). Assists: Portland 25 (Porter 12), Chicago 35 (Jordan 10).

Minnesota 27 19 25 24—95
San Antonio 27 28 30 20—105
Campbell 9-21 2-2 20, Richardson 8-15 1-3 18, Royal 6-8 6-7 18; Robinson 8-13 8-9 24, Cummings 9-20 4-8 22. Rebounds: Minnesota 44 (Murphy, Royal 11), San Antonio 51 (Robinson 12). Assists: Minnesota 19 (Richardson 11), San Antonio 25 (Strickland 9).

LA Clippers 32 21 25 34—112
Denver 34 30 32 25—121
Manning 12-19 4-5 28, Smith 11-19 6-9 28; English 13-21 1-1 27, Schayes 6-9 9-10 21. Rebounds: Los Angeles 50 (Smith 10), Denver 48 (Rasmussen, Lever 8). Assists: Los Angeles 23 (Lee 7), Denver 33 (Adams 10).

Sacramento 16 17 29 32—94
Seattle 21 25 29 22—97
Carr 7-15 6-6 20, McCray 9-18 1-2 19; McKey 8-24 8-10 24, Dailey 10-18 8-10 28. Rebounds: Sacramento 49 (Ellison 9), Seattle 63 (Cage 20). Assists: Sacramento 22 (Ainge 6), Seattle 23 (McCray 5).

Philadelphia 22 29 37 26—114
LA Lakers 35 32 25 30—122
Barkley 12-20 8-10 32, Dawkins 8-16 3-3 19; Green 9-14 6-6 24, Scott 9-19 3-4 24. Rebounds: Philadelphia 51 (Barkley 15), Los Angeles 46 (Divac 10). Assists: Philadelphia 24 (Dawkins 6), Los Angeles 25 (Johnson 17).

Boston 26 38 30 27—121
Golden State 32 22 32 25—111
McHale 10-16 11-11 34, Bird 10-17 4-4 25; Mullin 8-16 10-11 27, Hardaway 6-13 6-7 22, Richmond 8-21 6-7 22. Rebounds: Boston 54 (Bird 14), Golden State 43 (Teagle 8). Assists: Boston 28 (C.Smith 9), Golden State 26 (Mullin, Hardaway 7).

SATURDAY'S RESULTS

Orlando 27 26 27 42—122
Washington 44 32 28 36—141
Catledge 11-20 9-11 31, Theus 11-24 6-7 28; King 14-26 8-12 36, Eackles 10-21 7-8 27. Rebounds: Orlando 54 (Catledge 13), Washington 56 (Jones 10). Assists: Orlando 27 (Skiles, Theus 8), Washington 33 (Walker 11).

Houston 24 28 17 25—94
Atlanta 34 25 23 22—104
Thorpe 9-15 7-12 25, Olajuwon 5-22 12-14 22; Wilkins 10-20 6-7 26, Willis 11-18 3-7 25. Rebounds: Houston 64 (Olajuwon 19), Atlanta 55 (Wilkins 12). Assists: Houston 22 (Olajuwon, Dinkins, Maxwell 4), Atlanta 24 (Webb 9).

Philadelphia 27 26 24 22—99
Phoenix 35 26 26 29—116
Smith 5-10 4-4 14, Hawkins 7-14 8-12 14; Chambers 10-22 5-7 25, K.Johnson 8-13 6-6 22. Rebounds: Philadelphia 53 (Thornton 10), Phoenix 55 (West 16). Assists: Philadelphia 25 (Brooks 10), Phoenix 22 (K.Johnson 17).

Selected College Scores

FRIDAY'S RESULTS

Cornell 68, Brown 56
Fordham 65, Canisius 59
Holy Cross 106, Niagara 79
Penn 85, Harvard 83
Princeton 58, Dartmouth 49
Yale 77, Columbia 65
Richmond 69, Fairfield 57

SATURDAY'S RESULTS
EAST

Army 92, Navy 78
Brown 82, Columbia 76
Connecticut 79, Seton Hall 57
Dartmouth 83, Penn 71
Delaware 80, Bucknell 68
Duquesne 82, St. Joseph's 71
Fairleigh Dickinson 102, Long Island U. 92
Georgetown 83, Villanova 53
Harvard 69, Princeton 63
Lafayette 85, Rider 68
Lehigh 87, Drexel 82, OT
Manhattan 80, Loyola, Md. 78
Massachusetts 98, St. Bonaventure 60
Northeastern 68, Hartford 66
Pittsburgh 81, Boston College 73
Robert Morris 67, Wagner 66
Rutgers 84, Rhode Island 61
St. Francis, NY 101, Brooklyn Col. 81
St. Francis, Pa. 58, Monmouth, N.J. 56
St. John's 77, DePaul 74
Temple 86, George Washington 74
Towson St. 73, Hofstra 65
Vermont 78, Colgate 64
Yale 62, Cornell 58, 2OT

SOUTH

Ala.-Birmingham 93, N.C. Charlotte 61
Alabama 87, Tennessee 73
Appalachian St. 80, VMI 75
Campbell 66, Coastal Carolina 56
Cincinnati 66, Tulane 58
Citadel 80, W. Carolina 72, OT
Clemson 69, North Carolina 61
Davidson 83, Cent. Florida 74
E. Tennessee St. 84, Marshall 74, OT
George Mason 66, James Madison 62
Georgia Southern 84, Mercer 79, OT
Kentucky 98, Auburn 95
Louisiana Tech 78, New Orleans 60
McNeese St. 60, North Texas 54
Memphis St. 90, South Carolina 71
Miami, Fla. 81, South Florida 73
Mississippi 75, Mississippi St. 67
Morehead St. 69, Austin Peay 64
Morgan St. 81, Howard U. 74
Murray St. 74, E. Kentucky 69
Old Dominion 88, Va. Commonwealth 82
Richmond 72, William & Mary 54
SW Texas St. 92, NW Louisiana 90
Samford 91, Hardin-Simmons 85
Tn.-Chattanooga 78, Furman 69
Vanderbilt 67, Florida 54
Virginia Tech 84, Florida St. 75
W. Kentucky 88, South Alabama 74
Wake Forest 84, Maryland 74

MIDWEST

Ball St. 77, W. Michigan 54
Bowling Green 65, E. Michigan 60, OT
Cleveland St. 93, W. Illinois 91
Creighton 93, Bradley 82
Dayton 88, Detroit 82
Evansville 71, Loyola, Ill. 62
Georgia Tech 88, Notre Dame 80, OT
Iowa St. 101, Nebraska 85
Kansas 78, Kansas St. 58
Kent St. 83, Ohio U. 78
Michigan 94, Northwestern 69
Minnesota 102, Iowa 80
Purdue 75, Ohio St. 70
St. Louis 65, Marquette 55
Toledo 85, Miami, Ohio 74
Wichita St. 67, Indiana St. 60
Wright St. 96, Akron 77
Xavier, Ohio 88, Butler 66

SOUTHWEST

Hawaii 66, Texas-El Paso 59
Houston 71, Southern Meth. 63
NE Louisiana 76, Stephen F.Austin 62
SW Louisiana 105, Arkansas St. 87
Sam Houston St. 69, Texas-Arlington 54
Texas A&M 103, Rice 95
Tulsa 71, Drake 58

FAR WEST

Brigham Young 67, Air Force 42
Gonzaga 75, St. Mary's, Cal. 62
Long Beach St. 82, Utah St. 74
Loyola Marymount 117, Santa Clara 81
Montana 61, Boise St. 43
Montana St. 47, Weber St. 43
Nevada-Reno 73, Idaho 71, OT
New Mexico 91, San Diego St. 69
New Mexico St. 101, San Jose St. 70
Oregon St. 83, UCLA 74
Pepperdine 102, San Diego 89
Portland 89, San Francisco 78, OT
U.S. International 93, UC San Diego 91
UC Irvine 94, Fullerton St. 76
UNLV 91, Louisville 81
Washington 59, Washington St. 56

TENNIS

MEN'S TOURNAMENTS
In Stuttgart
Quarterfinals

Magnus Gustafsson, Sweden, def. Aki Rahunen, Finland, 6-7 (8-10), 6-1, 6-2; Boris Becker, West Germany, def. Miloslav Mecir, Czechoslovakia, 6-4, 6-2; Jonas Svensson, Sweden, def. Horst Skoff, Austria, 6-2, 6-4; Ivan Lendl, Czechoslovakia, def. Patrick Kuehnen, West Germany, 6-3, 6-3.

Semifinals

Becker def. Svensson, 7-5, 6-2; Lendl def. Gustafsson, 6-4, 6-7 (5-7), 6-3.

Final

Becker def. Lendl, 6-2, 6-2.

In Philadelphia
Quarterfinals

Andres Gomez (7), Ecuador, def. Paul Haarhuis, Netherlands, 7-6 (7-3), 6-7 (3-7), 6-4; Mark Kratzmann, Australia, def. Jim Courier (8), U.S., 4-6, 6-3, 7-6 (9-7); Pete Sampras (13), U.S., def. Tim Mayotte (5), U.S., 6-4, 4-6, 6-3; Petr Korda, Czechoslovakia, def. Jay Berger (4), U.S., 7-6 (7-5), 6-1.

Semifinals

Sampras def. Kratzmann, 4-6, 6-1, 6-4; Gomez def. Korda, 6-2, 6-0.

WOMEN'S TOURNAMENTS
In Oklahoma
Quarterfinals

Manuela Maleeva (1), Bulgaria, def. Etsuko Inoue (8), Japan, 6-2, 6-0; Manon Bollegraf (5), Netherlands, def. Jennifer Santrock, U.S., 6-4, 6-2; Angelica Gavaldon, U.S., def. Brenda Schultz, Netherlands, 3-6, 6-4, 7-5; Amy Frazier (3), U.S., def. Anne Minter (6), Australia, 6-2, 7-6 (7-0).

Semifinals

Bollegraf def. Gavaldon, 6-4, 7-5; Frazier def. Maleeva, 1-6, 6-3, 6-3.

In Washington
Quarterfinals

Natalia Zvereva (4), Soviet Union, def. Nicole Provis, Australia, 5-7, 6-3, 6-4; Monica Seles (3), Yugoslavia, def. Pam Shriver (7), U.S., 6-2, 7-6 (7-5); Zina Garrison (2), U.S., def. Nathalie Tauziat (8), France, 6-0, 7-6 (7-4); Martina Navratilova (1), U.S., def. Anne Smith, U.S., 6-4, 6-2.

Semifinals

Garrison def. Zvereva, 6-2, 3-6, 6-3; Navratilova def. Seles, 6-3, 6-0.

CRICKET

New Zealand vs. India
In Auckland, New Zealand, Test 3, Day 4

First innings: New Zealand 391 (all out); India 482 (all out).
Second innings: New Zealand 416-5

Australia vs. Pakistan
One-Day World Series Cup
In Sydney, Second of Three Finals

Australia 255-6 (50 overs).
Pakistan 186 (all out, 45 overs);
Australia wins finals 2-0.

HOCKEY

NHL Standings

WALES CONFERENCE
Patrick Division

	W	L	T	Pts	GF	GA
NY Rangers	27	25	11	65	204	207
Pittsburgh	29	29	5	63	243	258
NY Islanders	28	28	7	63	227	225
New Jersey	26	29	7	59	224	228
Philadelphia	25	30	8	58	231	224
Washington	26	32	4	56	230	230
Adams Division						
x-Boston	38	21	5	81	231	177
x-Buffalo	35	23	6	76	220	200
x-Montreal	34	23	7	75	232	186
x-Hartford	28	28	7	63	217	220
Quebec	10	46	6	26	188	317

CAMPBELL CONFERENCE
Norris Division

	W	L	T	Pts	GF	GA
Chicago	34	24	4	72	256	232
St. Louis	31	24	8	70	233	207
Toronto	32	28	3	67	279	283
Minnesota	26	35	3	55	215	238
Detroit	22	31	10	54	235	258
Smythe Division						
Edmonton	31	21	12	74	255	219
Calgary	30	20	13	73	264	211
Winnipeg	30	25	8	68	232	227
Los Angeles	27	30	6	60	273	263
Vancouver	19	36	10	48	191	251

x-clinched playoff berth

FRIDAY'S RESULTS

NY Rangers 2 0 4—6
Washington 1 2 0—3
Leetch (11), Patrick (11), Wilson (8), Turcotte (21), Ogrodnick 2 (36); Hunter (18), Leach (16), Ridley (24). Shots on goal: New York (on Hrivnak) 5-9-9—23; Washington (on Richter) 15-8-10—33.

Hartford 1 2 0—3
Buffalo 1 5 1—7
Francis (24), Kastelic (6), Young (17); Housley (17), Mogilny (11), Turgeon 2 (31), Ruuttu 2 (12), Hartman (10). Shots on goal: Hartford (on Puppa) 7-9-9—25; Buffalo (on Sidorkiewicz) -19-5—35.

Toronto 2 1 3—6
Edmonton 1 4 0—5
Morais (28), Osborne (20), Hannan (4), Damphousse 3 (22); Klima 2 (21), Lowe (7), Anderson (25), Simpson (23). Shots on goal: Toronto (on Reddick) 16-8-8—32; Edmonton (on Bester) 11-16-11—38.

SATURDAY'S RESULTS

Chicago 0 0 2—2
New Jersey 2 1 0—3
Graham (10), T.Murray (15); Brooke (7), Turgeon (28), Shanahan (22). Shots on goal: Chicago (on Terreri) 7-23-18—48; New Jersey (on Chevrier) 10-4-3—17.

Detroit 3 1 0 0—3
N.Y. Islanders 0 2 1 0—0
McKay (1), Yzerman (50), Barr (4); Volek (14), Wood (20), Nylund (1). Shots on goal: Detroit (on Healy) 11-8-6-5—30; New York (on Chevaldae) 15-10-13-2—40.

Winnipeg 1 1 1—3
Hartford 0 1 0—1
Paslawski (18), Small (24), Kumpel (7); Francis (25). Shots on goal: Winnipeg (on Liut) 6-10-4—20; Hartford (on Essensa) 7-11-11—29.

St. Louis 3 2 1—6
Quebec 0 1 0—1
Wilson (2), Tuttle (10), Lowry (15), Hull (58), Brind'Amour (23), P.Cavallini (5); Petit (9). Shots on goal: St. Louis (on Millen) 11-10-8—29; Quebec (on Riendeau) 9-13-13—35.

Pittsburgh 0 0 1—1
Montreal 4 4 3—11
Bourque (16); Corbonneau (16), Svoboda (5), McPhee (16), Courtnall 2 (30), Richer 2 (39), Lemme (1), Naslund (18), Corson (26), Lemieux (5). Shots on goal: Pittsburgh (on Roy) 9-10-7—26; Montreal (on Pietrangelo) 22-20-19—61.

Boston 1 2 0—3
Minnesota 0 1 1—2
Hawgood (10), Galley (8), Janney (14); N.Broten (19), Tinordi (2). Shots on goal: Boston (on Casey) 11-18-8—37; Minnesota (on Moog) 8-9-10—27.

Vancouver 1 2 3—6
Los Angeles 3 0 1—4
Bozek (8), Larionov (15), Capuano (3), Quinn 3 (22); Sandstrom (26), Tonelli (25), Duchesne (16), Krushelnyski (11). Shots on goal: Vancouver (on Hrudey) 8-8-7—23; Los Angeles (on McLean) 13-14-11—38.

SOCCER

ENGLISH LEAGUE CUP
Semi-final, Second leg

Coventry 0, Nottingham Forest 0
(Nottingham Forest won 2-1 on aggregate)

ENGLISH FIRST DIVISION

Aston Villa 0, Wimbledon 3
Chelsea 1, Manchester United 0
Crystal Palace 1, Sheffield Wednesday 1
Derby 2, Tottenham 1
Luton 1, Southampton 1
Manchester City 1, Charlton 2
Millwall 1, Queens Park Rangers 2
Standings: Aston Villa 52; Liverpool 50; Arsenal 42; Nottingham Forest 40; Tottenham, Chelsea 39; Derby, Everton 38; Coventry 37; Southampton 36; Wimbledon, Norwich 35; Queen's Park Rangers 33; Sheffield Wednesday, Crystal Palace 30; Manchester United, Manchester City 28; Luton 26; Millwall 24; Charlton 22.

WEST GERMAN FIRST DIVISION

FC Cologne 1, Bayern Munich 1
FC Homburg 0, St Pauli 2
SV Hamburg 6, Bayer Uerdingen 0
Waldhof Mannheim 4, FC Kaiserslautern 0
SC Karlsruhe 2, Bayer Leverkusen 1
Eintracht Frankfurt 5, VfB Stuttgart 1
B. Moenchengladbach 4, Werder Bremen 0
VfL Bochum 1, Fortuna Duesseldorf 2
Standings: Bayern Munich, Eintracht Frankfurt 30; Bayer Leverkusen 29; FC Cologne 28; VfB Stuttgart 25; Waldhof Mannheim 23; Borussia Dortmund, Werder Bremen, St Pauli 22; Nuremberg, Bayer Uerdingen, VfL Bochum, Karlsruher SC 20; Hamburger SV 19; Fortuna Duesseldorf 18; Moenchengladbach, FC Kaiserslautern 16; FC Homburg 14.

ITALIAN FIRST DIVISION

Ascoli 1, Atalanta 1
Bari 0, Lecce 1
Bologna 1, Lazio 1
Cremonese 1, Verona 1
Inter Milan 3, Naples 1
Juventus 1, Genoa 1
AS Roma 0, AC Milan 4
Sampdoria 3, Fiorentina 0
Udinese 1, Cesena 0
Standings: AC Milan 40; Naples 38; Inter Milan 35; Juventus, Sampdoria 34; AS Roma, Atalanta 29; Bologna 27; Lazio 24; Bari 23; Lecce, Genoa 22; Fiorentina 21; Udinese 20; Cremonese, Cesena 19; Verona 17; Ascoli 16.

FRENCH FIRST DIVISION

Lyon 0, St Etienne 0
Nantes 0, Caen 0
Toulouse 0, Montpellier 0
Nice 0, Metz 0
Cannes 1, Brest 1
Bordeaux 2, Toulon 1
Paris St Germain 1, Racing Paris 2
Mulhouse 1, Sochaux 2
Auxerre 3, Lille 0
Marseille 2, Monaco 2
Standings: Bordeaux 41; Marseille 37; Sochaux, Monaco 32; Paris St Germain 29; Lyon, Toulouse 28; St Etienne 27; Auxerre, Nantes, Metz, Brest, Caen 25.

DUTCH FIRST DIVISION

FC Groningen 0, PSV Eindhoven 0
Sparta Rotterdam 1, Ajax 2
FC Utrecht 1, BVV Den Bosch 1
Standings: PSV Eindhoven 31; Ajax, Vitesse Arnhem, Roda JC Kerkrade 30; FC Twente Enschede 27; Volendam, Waalwijk RKC, Fortuna Sittard 26; FC Groningen 24; MVV Maastricht 23.

SPANISH FIRST DIVISION

Real Madrid 5, Rayo Vallecano 2
Barcelona 2, Real Sociedad 2
Real Mallorca 0, Tenerife 2
Castellon 1, Celta 0
Real Oviedo 0, Logrones 4
Osasuna 2, Atletico Madrid 1
Real Valladolid 1, Sporting Gijon 3
Real Zaragoza 0, Valencia 1
Athletic Bilbao 3, Cadiz 1
Sevilla 3, Malaga 1
Standings: Real Madrid 44; At. de Madrid 36; Valencia 35; Barcelona 34; Real Sociedad, Sevilla 33; Osasuna 31; Mallorca, Logrones 28; Oviedo, Ath. Bilbao 27; Zaragoza 26; Castellon 24; Gijon 23; Tenerife 22; Malaga 20; Valladolid 19; Celta de Vigo, Cadiz 16; Rayo Vallecano 12.

TRANSACTIONS

BASEBALL
American League

BALTIMORE—Agreed to terms with Steve Finley and Brady Anderson, outfielders; Chris Hoiles, catcher; Mickey Weston, Mark Williamson, Bob Milacki and Eric Bell, pitchers; and Juan Bell and Mike Brumley, infielders, on one-year contracts.

BOSTON—Signed Randy Kutcher, infielder, and John Marzano, catcher, to one-year contracts.

KANSAS CITY—Dean Taylor, assistant general manager, resigned to join commissioner's office as administrator of baseball. Named Jay Hinrichs assistant general manager.

MINNESOTA—Agreed to terms with Greg Gagne, shortstop, on three-year contract and Shane Mack, outfielder, on one-year contract.

NEW YORK—Agreed to terms with Dave Eiland, pitcher, on one-year contract.

TEXAS—Agreed to terms with Jack Daugherty, first baseman, and Juan Gonzalez, outfielder, on one-year contracts.

National League

LOS ANGELES—Agreed to terms with Dave Hansen, infielder, and Mike Hartley, pitcher, on one-year contracts.

MONTREAL—Agreed to terms with Delino DeShields, infielder, and Howard Farmer, pitcher, on one-year contracts.

BASKETBALL
National Basketball Association

NBA—Suspended Roy Marble, Atlanta forward, for rest of season for violation of league's substance-abuse policy.

ATLANTA—Signed Duane Ferrell, guard, to 10-day contract.

CLEVELAND—Waived Reggie Williams, guard. Activated Paul Mokeski, center, from injured list.

DALLAS—Signed Bob McCann, forward, to second 10-day contract.

NEW YORK—Waived Pete Myers, guard.

ORLANDO—Put Otis Smith, forward, on injured list. Signed Jawann Oldham, center, to 10-day contract.

SACRAMENTO—Activated Pervis Ellison, center-forward, from injured list. Put Michael Jackson, guard, on injured list.

FOOTBALL
National Football League

BUFFALO—Ted Cottrell, defensive line coach, resigned to accept similar job with Phoenix.

N.Y. JETS—Signed Brett Millen, offensive tackle, and Glenn Antrum, wide receiver. Reinstated Brian Washington, safety, from reserve-left-squad list.

PHOENIX—Signed John Burch and Tim Jorden, running backs.

PITTSBURGH—Signed Carlton Haselrig, nose tackle.

SAN DIEGO—Signed Joe Mickles, running back.

HOCKEY
National Hockey League

NEW JERSEY—Called up Paul Ysebaert, center, and recalled Pat Conacher, center, from Utica, American Hockey League. Sent Peter Sundstrom, center, to Utica.

PHILADELPHIA—Suspended Normand Lacombe, right wing, indefinitely for failing to accompany team to game in Pittsburgh.

QUEBEC—Sent Stephane Morin, center, to Halifax, AHL.

ST. LOUIS—Recalled Michel Mongeau, center, from Peoria under emergency conditions.

VANCOUVER—Sent Craig Coxe, forward, to Milwaukee, International Hockey League.

COLLEGE

NAIA—Said Southern Colorado's men's basketball team will forfeit nine victories this season because of an ineligible player.

CALIFORNIA—Bill Coupe, soccer coach, resigned.

DRAKE—Tom Abatemarco, basketball coach, resigned. Fired Tom Butler, assistant basketball coach.

HASTINGS—Named Dan Kratzer football coach.

LOUISVILLE—Suspended Jerome Harmon, forward, from basketball team for two games.

MONTANA—Named Bill Moos athletic director.

NORTHERN ARIZONA—Named Harold Merritt basketball coach.

ST. MARY'S, CALIFORNIA—Named Mike Rasmussen football coach.

STEPHEN F. AUSTIN—Fired Mike Martin, basketball coach. Named Andrew Prince interim basketball coach.

GOLF

Top finishers in the Desert Classic tournament, which ended Sunday on the par-70 course in Dubai, United Arab Emirates:

Eamonn Darcy, Ireland,	64-68-75-69—276
David Feherty, Nth. Ireland,	73-69-70-68—280
Severiano Ballesteros, Spain,	72-69-71-70—282
Des Smyth, Ireland,	68-71-74-69—282
David Gilford, England,	70-73-69-72—284
Peter Fowler, Australia,	72-70-73-70—285
Steven Richardson, England,	72-70-72-71—285
Denis Durian, England,	72-67-73-73—285
Brett Ogle, Australia,	71-73-75-67—286
Nick Faldo, England,	72-73-72-69—286
Mark McNulty, Zimbabwe,	69-74-71-72—286
Peter O'Malley, Australia,	68-70-77-71—286
Bill Longmuir, Scotland,	70-69-74-73—286

Ignoring the '80s, Once, With 'Feelings'

International Herald Tribune

PARIS — In the cinema's short history, there has never been a decade as dull as the 1980s. If it was hard on moviegoers, it must have been worse for the filmmakers who came of age in a time when there was so little to admire.

Yes, it was hard, says Steve Kloves, 29, whose first film, "The Fabulous Baker Boys," has just won four Academy Award nominations. "I ignored the '80s. I admire Scorsese but my inspiration

MARY BLUME

came from the movies of the late '60s and early '70s — 'Five Easy Pieces,' 'Diary of a Mad Housewife.' They're character studies and they're very personal. Now everything is big, it's all about production design. It's almost operatic in terms of its technical approach, but I don't know that you feel a damn thing for anybody in the movie."

"The Fabulous Baker Boys," which is now opening in Europe, is a quiet and quirky study of three people: the Baker brothers (played by the real life brothers Jeff and Beau Bridges), who are facing lounge pianists in second-rate bars and hotels, and Susie Diamond (Michelle Pfeiffer), whom they hire to spice up their act with a few vocals.

Susie, a disabused, gum-snapping alumna of the Triple A Escort Service, turns into a steamy chantoosie (Pfeiffer, who gets better with each film, does her own singing) who revives the piano act and inevitably knocks awry a relationship based on resentful affection: fussy, balding Frank (Beau Bridges) is the drudge who handles the deals and supports a family in the suburbs while Jack (Jeff Bridges) is surly, locked-in, alive only when away from his brother and the lounges, playing jazz.

The music, arranged by Dave Grusin, is cunningly used. For an eight-minute balcony scene — perhaps the best balcony scene since "Private Lives" — in which Jack and Susie warily feel and fight their attraction, the background is Duke Ellington's "Do Nothin' Till You Hear From Me." When Frank is called away on a family emergency, Susie and Jack improvise a version of "Makin' Whoopee" for a New Year's Eve crowd that has won comparisons with Rita Hayworth's "Put the Blame on Mame." And the blow-up between the brothers begins when Frank learns that in his absence his partners have dropped "Feelings" from the repertoire.

"Jack hates it and Susie hates it," Kloves says. "I asked lounge pianists what's the most requested song and what's the one you hate the most. And every time it was 'Feelings.' "

The movie is about three people, not about star musicians. "Michelle's not supposed to be Streisand, that would have tilted the movie in a perverse way," says Kloves. And Jack is not a great jazzman manqué. "I've been so conditioned by movies in which somebody's not just a boxer, he's the heavyweight champion of the world. Jack is not meant to be Bill Evans, that's why I didn't want him in New York at the Vanguard or at the Blue Note and suddenly everybody applauding. It's not realistic."

Instead of New York or L.A., the movie is set in Seattle. "The quality of light there is beautiful and there is a certain jazz scene which made it realistic. Also, the thing that appealed to me most, since this is about working class entertainers, is that it's still a working class element because of the port."

Kloves, tall and lanky with a pudgy baby face and a determined chin, had only written one film, "Racing With the Moon." It took four years to get his script for "The Fabulous Baker Boys" into production, although from the start he had the support of the producers, Paula Weinstein and Mark Rosenberg, Jeff Bridges, Pfeiffer and the brilliant director of photography, Michael Ballhaus, who did "Working Girl" and 25 Fassbinder films.

Ballhaus, Grusin, Pfeiffer and the editor, William Steinkamp, all won Oscar nominations. Kloves had no hope of getting one for his screenplay or direction: "We didn't make enough money. It's perceived as a quirky movie, which is odd because it's not that far out of the mainstream in a weird way, but it's not in the mainstream at all."



Lacey Sebastian

Michelle Pfeiffer really sings in "The Fabulous Baker Boys."

If the film didn't do great business in the United States, it won fine reviews. Pauline Kael, in The New Yorker, said, "This romantic fantasy has a forties-movie sultriness and an eighties movie-struck melancholy. Put them together and you have a movie in which eighties glamour is being defined."

"It's not a vapid glamour, there's an edge, it's knowing," Kloves says. "Obviously there's a joy in the 'Makin' Whoopee' scene that operates on many levels — I've always thought of that scene as foreplay between those characters, it's the only safe way for them to express their emotions. That does have a 1940s Rita Hayworth edge to it, but what I think Pauline Kael is saying is that you can't remake the movies of the '40s, if you're going to incorporate some of these elements you have to bring them up to date and edge is required. We're different people now."

Born in Texas and raised in northern California, Kloves attended UCLA and took a couple of film history courses which so put him off that he dropped out.

"We sat and debated the Freudian imagery in Maurice Chevalier films, which I thought was absurd. The other camp was the Lucas-Spielberg camp, but instead of admiring them for their craft, they all admired the material results. They wanted to be moguls. They wanted to own film studios, they didn't just want to be filmmakers. It was all so repellent to me that I left."

Kloves doesn't do lunches or deals, having learned they are a waste of time. Nor, during the long wait to get the Baker Boys afloat, did he take on production rewrites, when a writer is called in to fix a script just before the cameras start rolling and earns what Kloves calls an obscene amount of money for the job. "I've never done that because writing is too hard. I do it for what I believe it.

"You do sometimes feel like Jack Baker when you're working in the movie industry because they want you to play 'Feelings' and you want to play Ellington. You feel frustrated sometimes, you feel like Hollywood's one big Holiday Inn."

For a first attempt, the direction of "The Fabulous Baker Boys" is surprisingly confident. Kloves says this is because he was directing his own script.

"You know why you wrote the characters, you know why they say what they say. It's a tremendous advantage. There's usually a subtext, at least I hope there is, and if you know that as a director it gives you clues on how to stage it and how to guide the performers."

At the movie's end, the brothers' act seems to have broken up. Frank will give piano lessons to snotty kids in the suburbs, Jack has a gig a couple of nights a week in a jazz club, Susie is singing commercials for a local food manufacturer. "I'm doing vegetables now. Carrots and peas, none of the important ones," she tells Jack when he comes back after letting her down. Susie and Jack may make a go of it, or they may not.

"I try to leave that open. It's an ending that Hollywood hated from the beginning," Kloves says. "I think it's a hopeful ending, she will not let him fully into her life until he starts to do some repair work on himself. Anything's possible here. It's about Jack making a baby step because he comes to her and he's never done that. He says I want to try and she's just not ready until she sees some evidence that he's not just shining her on."

The unresolved ending will, Kloves hopes, be more acceptable to European audiences. It isn't a bossy or manipulative film. "It's not a movie with a terrific plot, it's about characters. Anybody going to see a terrific yarn will be severely disappointed. All the movement is not plot movement, it's character movement. You have to want to watch that sort of process and not everybody does, which is okay too."

LANGUAGE

Unification or Reunification?

By William Safire

WASHINGTON — "An agreed, managed process of German *unification*," wrote Henry Kissinger, "would ease an otherwise festering crisis."

"*Reunification* means many different things," Representative Lee H. Hamilton of Indiana told Europe magazine.

"Stopping *unification* is like trying to hold back a wall of water," editorialized The New York Times.

"A senior State Department official [that's how James A. Baker 3d is identified when he is trying to act like Henry Kissinger] . . . today endorsed a West German plan for German *reunification*," reported Al Kamen in The Washington Post, who quoted the unidentified former White House chief of staff from Texas as saying that "*unification* is taking place on the ground right now."

Well, which is it — *unification* or *reunification*? Are the terms interchangeable, or do they contain a subtle difference known only to diplomatic mancists?

Chancellor Helmut Kohl of West Germany blithely used *Wiedervereinigung* — "reunification" — in his 10-point plan for getting together again, but he has been avoiding the *wieder* ("re") ever since.

"Now the politicians are making discriminations in their use of *unification* and *reunification*," says Thomas Mouillard, a correspondent in Washington for the German press agency. "Some people say that *reunification* would implicate the borders of 1937."

This big little difference is illustrated in this interchange between Michael Lucas of World Policy Journal and Karsten Voigt, a spokesman for the West German Socialists: "How do you assess the prospects for German reunification?" "I don't like to speak about reunification, because we are not talking about going back to an old state of affairs."

That old state can be construed to contain a slice of Pomerania, Silesia (from which we get the derogation *sleaze*), East Prussia and even Czechoslovakia's German-speaking Sudetenland, all once called by the Nazis "*Grossdeutschland*."

As might be expected, Germans are highly sensitive to reactions to the *re-* because it contains a reminder of expansionism, *Lebensraum*, and reopens "the German Question." The American economist Pierre Rinfret, irritated at what he considered the arrogance of German politicians who insist that the merger is a matter for Germans alone to decide, dubbed the coming amalgam "the Fourth Reich"; he knew this would annoy them.

The very thought of the prewar borders incenses many Europeans, who are thinking only in terms of a combination of the present East and West Germany that stops at the Oder-Neisse line drawn at the end of World War II. "In France, most of the press and the politicians use the word *reunification*," reports Daniel Labrosse, press secretary of the French Embassy in Washington. "Certainly it points to the problems that came when Germany was previously united." To skirt the controversy over the *re-*, French and German officials have begun to drop the *-cation*, talking instead about German "unity" — *unité* or *Einheit*.

President Bush's aides are apparently unaware of the fuss. In a written statement presumably cleared with, or run by, the State Department, the White House announced that this weekend's visit of Chancellor Kohl will provide a chance "to exchange views about prospects for German *reunification*."

□

The astute reader will note the unexplained phrase *German Question*, in the above item. I am told it came into use in the mid-1930s, but none of the usual suspects have a printed citation to nail it down. Last Resort time: the help of Lexicographic Irregulars is thus solicited. Etymological immortality awaits; forget the amorphous *German issue* and *German problem* and get right down to *die deutsche Frage*, the *German Question*. And while you're at it, shoot along a pre-1969 citation of *peace dividend* to me at The New York Times, 1627 Eye St., Washington, D.C. 20006.

The even more astute reader will find fault with Kissinger's phrase "festering crisis." My erstwhile colleague's syndicated column has grown more purposeful and forceful of late (unification of subject has been a boon), and his audience now extends beyond members of the Conceptual Frameworkers Union.

However, even those of us who can take instruction from him on the cultural contradictions in German history know that *festering crisis* is an oxymoron. The nature of crisis is the state of having come to a head, not the contrary state of *festering* (from *fistula*, a pus-filled sore that has not come to a head and burst in its moment of crisis). A *crisis* can be said to continue, but only a chronic problem, issue or question can lay claim to *fester*.

"There were words," writes the former speech writer Peggy Noonan, in her deliciously irreverent "What I Saw at the Revolution: A Political Life in the Reagan Era."

Using a run-on device, she then surveys the clichés of only yesteryear: "You had a *notion* instead of a thought and a *dust-up* instead of a fight, you had a *can-do attitude* and you were *in touch with the Zeitgeist*. No one had intentions they had an *agenda* and no one was wrong they were *fundamentally wrong* and you didn't work on something you *broke your pick* on it and it wasn't an agreement it was a *done deal*."

By the time *done deal* reached *print* in 1979, its place in the lingo of business and political bargaining was a *fait accompli*.

That's because we have had no expressive word or phrase for "an irreversible agreement," an accord or understanding that had the connotation of "sorry, it's too late now to make a change, you missed the boat, that train left the station."

Three centuries ago, in a Charles Cotton poem, the phrase was merely found: "She thought 't would be a done Thing Soon." That locution percolated in the language, appearing in Charles Dickens' "Christmas Carol" in 1843: "It was a done thing between him and Scrooge's nephew."

Finally, somebody in the 1970s — nobody knows who — used alliteration to transform a tired *done thing* into a lively *done deal*.

Overnight, the partly alliterative but not as punchy *signed, sealed and delivered* was undone; mine with *wrapped up, buttoned up, all set, fini, in the bag, nailed down* and *yesterday's news*.

Having dissolved all these clichés, *done deal* lasted more than a decade, placing it beyond nonce-word status. Soon to be in all the dictionaries, the Americanism that unraveled *fait accompli* stands as a triumph of alliterative phrasemaking; it's all over but the shouting.

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